THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

August 24, 1940

Shanghai Crisis Forces the U.S. to Face A Crucial Decision

Exchange Rate Adjustment

BY JOHN AHLERS

China and the Gasoline Ban

The Tinghai Smuggling Center

BY T. Y. FONG

Italian Troops Enter Berbera as Britain Withdraws from Somaliland

VOLUME 93 PRICE 50 CENTS (in China) NUMBER 13

HONGKONG SHANGHAI TIENTSIN

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

MELANCHOLY

To the Editor:

I think the readers of **The China Weekly Review** would be interested in the following report on the narcotic situation in China which appeared in **The Christian Century**, Chicago, on July 24. The report appeared over the signature of Miss Muriel Lester, English woman, who made a trip to the Far East several years ago for the purpose of investigating the Japanese opium policy in Manchukuo. Miss Lester's latest report follows:

"Among the mass of reports coming over from China dealing with the war, the refugees, the industrial cooperatives, and the hunger which is driving people to devour the bark off trees, the most melancholy reading is provided in the newly arrived report on opium sales.

"In Peiping where, before the Japanese invasion, the death penalty was imposed on users of opium, 600 establishments for its sale are now officially recognized. The use of heroin is far more deadly and more speedy in its destructiveness. There is no diminution recorded of the number of brothels such as I inspected in that city in 1938 where heroin could be obtained for just over a penny a dose.

"Eighty joints each sell fifty dollars worth of heroin a day in a Shantung city whose inhabitants number only about 96,000. Kaifeng's population of 250,000 people is provided with 370 opium joints as well as 200 "foreign" concerns which sell heroin with the sanction of the government. The foreign concerns are mostly Korean. A missionary making a survey of the activities of a group of Koreans who had recently been sent into China by their Japanese rulers inquired of those engaged in the heroin traffic why they had so demeaned themselves as to take part in a poisonous trade. He told me that they answered with some surprise, 'That was the work assigned to us.'

"In the district of Canton there are 157 drug joints to only 38 rice shops, 9 firewood and 5 kerosene shops.

"In one area of north China a missionary reports that he has recently seen the poppy growing for the first time in 24 years. The Eighth Route Army strictly prevents the trade in opium and heroin in any territory where it has influence. Since the government of free China has been located in the west, production has been eliminated in 135 out of 148 districts of Szechwan. Three well known missionaries, whose work is mainly traveling, report that the poppy has disappeared. Government pressure against farmers and dealers has been very severe. Before 1938 there were 2,000,000 recognized addicts in this province. Their number has been reduced 60 per cent by medical and remedial services.

"Where the Japanese are in occupation there is noticeable deterioration as regards this traffic. Hankow has 492 places of sale. Four thousand ounces are sold daily. Out of a population of 500,000, smokers are estimated at 55,000. Heroin addicts are probably more numerous. Near this city fields have been planted with poppy which before the war formed part of a government farm for scientific experiment in food crops.

"The old slogan 'Business must not be interfered with' has once more been proved a dangerous maxim. But how lucrative a lie when ten dollars an ounce can be realized from the sale of opium!"

It is noticeable that Miss Lester made no mention of conditions in Shanghai. I imagine a book could be written on the narcotic situation in the badlands area on the western border of the Settlement. A friend told me that he saw a truck-load of opium divans being unloaded in the new Liu Ka gambling dive on Ave. Haig.

B. J.

Shanghai, Aug. 18, 1940.

RELIABLE

To the Editor:

We greatly appreciate your valuable paper. It is the only reliable source of news we have.

B.L.J.

Hsuchang, Honan July 22, 1940.

ABOUT NONSENSE

To the Editor:

My attention has been drawn upon an article which has appeared in the last issue (Aug. 10) of **The China Weekly Review** and which concerns my humble self as well as a certain interview by the local **Shanghai Zaria.**

Whatever opinions I expressed having passed through three different languages —French, Russian and English—God or the Devil know only what remains true of my original contentions. So, whatever your esteemed paper or anybody else may comment upon my original remarks is of no importance.

There is only one of your allegations to which I must object strenuously. Although you kindly advertised for me, free of charge, it is not true to state that "I wrote a novel several years ago which I later withdrew from circulation allegedly due to animosities of local residents whose activities were described in the book." The said book is still for sale—unfortunately—at the two leading book-stores of Nanking Road. It is not —also unfortunately—a pirated edition.

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

J. B. POWELL, *Editor and Publisher*

C. FRANK GLASS and HOH CHIH-HSIANG, *Assistant Editors*

F. K. CHAO, *Business Manager* TRYPHON V. KU, *Advertising Manager*

JAMES Y. M. WU, *Circulation Manager*

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So you see, my dear sir, that before making erroneous allegations it should be wise to turn one's pen seven times in the ink-pot, less one should write nonsense.

R. D'AUXION DE RUFFE

P. S. Regarding the opium problem, I never "advocated the licensing of opium sales and consumption in the foreign-administered areas." What I stated and what I still maintain is that all that has been written and said by foolish missionaries and by those other fools at Geneva, regarding opium, is nothing but what our American friends call elegantly "banana oil" or "apple sauce." I contended and I still contend that just as prohibition has been the curse of America for many years the prohibition of opium in China was nothing but a convenient and remunerative pretext for getting tremendous subsidies and well-paid jobs. I suggested that instead of prohibiting purely and simply opium it should be licensed **all over China** as it is done in many other countries.

P.P.S. I hate to be called "venerable", because, dash it all, I don't feel so.

Shanghai, Aug. 14, 1940

LOCAL CENSORSHIP

To the Editor:

I do sympathise with the position of the S.M.C. and its efforts during the present crisis. But, I regret that I have found some exceptions recently.

From the editorial column of **Chung Mei Jih Pao,** August 9, I learn that the local newspapers are mostly subject to censorship. So long as Shanghai remains democratic and neutral, I wonder whether the S.M.C. has such a right. Appeasement has proved to be inefficient and fascism found to be unreasonable. I doubt whether there is any necessity to take such action on the part of S.M.C.

LOU ER-TER.

Shanghai, August 10, 1940.

DISAPPROVAL

To the Editor:

I disapprove of your references to British "appeasement." Please cancel my subscription.

F. S. COOTE

Eastern Extension Telegraph Co.,
Shanghai, Aug. 17, 1940.

ANOTHER VIEW

To the Editor:

Please to enter me for one year's subscription. You are valuable to me who struggles much to read local vernacular journals to gather news which as a correspondent I must send to my own paper in Europe. I liked in past week's issue, in particular, "British Troops Withdrawing from China—Is it More Appeasement?" Yes I think so. Very objective. I think the English not like this. It is to laugh.

V. A.

Shanghai, Aug. 19, 1940.

LAUGH PROVOKING

To the Editor:

I could not help bursting into laughter on reading the comment of the local Japanese Embassy spokesman that Wang Ching-wei is "as free as the ruler of Manchukuo." No one would deny the truth of this statement—certainly not I.

I have often pitied those Japanese spokesmen—Army, Navy, Embassy and what not. After all it is human nature to call a spade a spade. Deliberately to distort truth entails a sting of conscience from which even habitual or professional liars are not free. In the above case the poor fellow was simply caught off his guard when truth tried, if only for a moment, to reassert itself.

WU CHIA-HUA

Shanghai, Aug. 17, 1940

MORE AND MORE

To the Editor:

One of the missionaries connected with our faculty at Chengtu, Szechwan, is going home on a year's leave and has written asking that **The China Weekly Review** be sent to him "for one year." I notice that more and more of our people going on leave want to receive **The Review** while at home.

B.

Shanghai, Aug. 17, 1940.

RETREAT

To the Editor:

I was one of the 10,000 spectators who witnessed that supreme spectacle of show and precision—the sounding of retreat by the combined bands of the British military organizations assembled in their full regimentals at the Race-course on Monday. With the grand-stands straining forward in eager applause and decorated with the banners of the British Empire—including Jardine's house flag—one could not restrain the thought that on doomsday itself, when Gabriel is blowing his own horn, the British will put on their fullest dress to greet oblivion.

Another innuendo borne on the summer zephyrs of the afternoon was the playing of that typically American war tune, "Marching Through Georgia," combined with the gentler strains of another American melody, "My Old Kentucky Home." Here was a subtle reminder indeed, that if the British forces must leave Shanghai they did so only because their good allies the Americans were being left behind to protect British interests. Off-duty U. S. Marines lapped it up.

YANKEE

Shanghai, Aug. 20, 1940.

NATIONAL CITY BANK OF NEW YORK

Rates of Exchange, Shanghai, August 22, 1940

Demand selling rate on New York: U.S.$1.00—Sh.$17.97

Demand buying rate on New York: U.S.$1.00—Sh.$17.89

Demand selling rate on London: £1.0.0—Sh.$65.08

Demand buying rate on London: £1.0.0—Sh.$62.95

AMERICAN STOCK AND COMMODITY QUOTATIONS

August 21, 1940

STOCKS

Amer. Locomotive	12⅞
Amer. Waterworks	8¾
Anaconda Copper	20½
Bethlehem Steel	77¾
Chrysler	73⅛
Elec. Bond & Sh.	5½
Gen. Motors	47
Goodyear T. & R.	15
Gt. Nthrn. Rly., pfd.	23⅛
Lockheed Aircraft	25¾
Mont. Ward	41½
N. Y. Central	11⅝
Texas Corp	35¾
U. S. Steel	52⅞

COMMODITIES

New York Cotton, Oct.	9.28/28
New York Rubber, Sept.	19.50/51
New York Hides, Sept.	8.078
Chicago Wheat, Sept.	70⅛/70¼
Chicago Corn, Sept.	61/61
New York Sugar, No. 4, Sept.	0.69½B/70A

B—Bid. A—Asked.

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SHANGHAI CRISIS FORCES U. S. TO FACE CRUCIAL DECISION

THE crisis which has developed as a result of the withdrawal of British defense units from Shanghai probably will have the effect of forcing the United States Government to cease dilly-dallying with the nation's vital interests in this part of the world and face the crucial decision on American Far Eastern policy.

Among the vital interests which are at stake in this issue are the lives of several thousands of American citizens and other foreigners, and tens of thousands of Chinese who are being endangered by the deadlock which has developed between America and Japan over the Shanghai issue. Washington should realize that the blame for a debacle here probably would be placed on Uncle Sam's shoulders, despite the fact that the real culprits are Great Britain and Japan.

For those who seek underlying reasons for the British decision to withdraw the handfull of British troops here, the answer is provided by the declaration of Sir Robert Leslie Craigie, British Ambassador to Japan, in an address before the Japan-British Society at Tokyo on March 28 last. A few months earlier, the American Ambassador, Joseph Clark Grew, in an address before the America-Japan Society (October 19, 1939) had declared in unequivocal language "straight from the horse's mouth" that American public opinion strongly resented some of the things that Japan's armed forces were doing in China, including actions against American rights and legitimate interests in China. This declaration by Ambassador Grew, plus the U. S. action in abrogating the American-Japanese commercial treaty, left no room for doubt regarding the fundamentals of American policy.

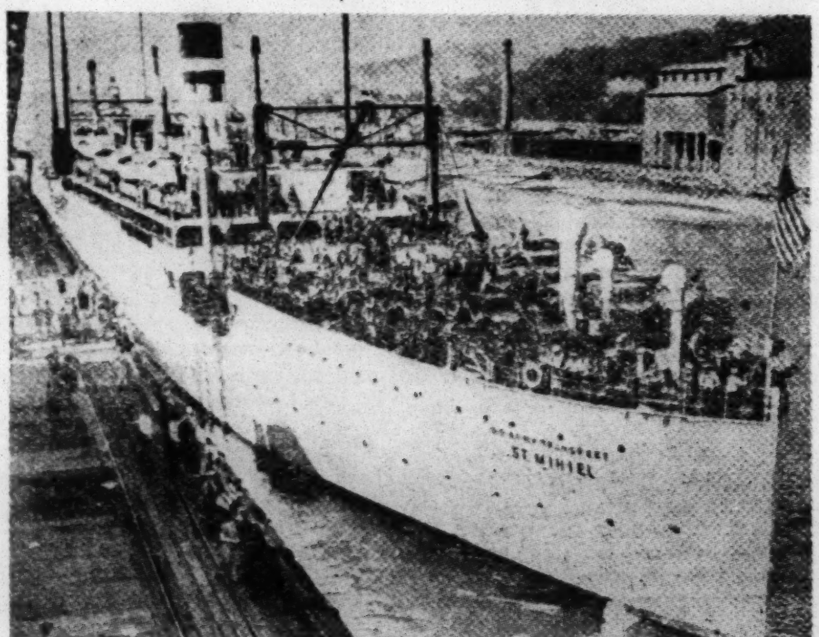
The way was thus cleared for cooperative Anglo-American policy toward the Sino-Japanese conflict, but instead of supporting the declaration of the American Ambassador, particularly since British interests in China had suffered much more at the hands of the Japanese militarists than had been the case with the Americans, Sir Robert Leslie Craigie, British Ambassador declared,

"Japan and Great Britain are two maritime Powers on the fringe of Continents and vitally concerned with events on those continents. Methods may in some cases differ, but both countries are ultimately striving for the same objective, namely, lasting peace and the preservation of our institutions from extraneous subversive influences. It is surely not beyond the powers of constructive statesmanship to bring the aims of their national policies into full harmony."

The timing of this address, no less than its tenor, carried the implication that Britian was ready to acquiese in the establishment of a Japanese-sponsored regime at Nanking. This naturally created widespread crisicism, both in the United States and Great Britain, resulting in pointed questions in the British Parliament on April 3. R. A. Butler, Under-Secretary for Foreign Affairs, in reply to questions, stated, "There is no question of the Government's changing their view of what they continue to regard as the legitimate Government of China." However, under further questioning regarding British policy, Mr. Butler finally came out in the open and defended Craigie's Tokyo statement and declared that, "The British Government see no objection to improving their relations with Japan."

The record speaks for itself since Craigie's declaration of March 28: Settlement of the Tientsin issue on Japan's terms, including the granting to the Japanese Army of police rights in the British Concession; the handing over to the Japanese of a large sum of silver bullion belonging to the recognized Chinese Government at Chungking; recognition of Japanese unsecured paper money and granting permission for it to circulate in the British Concession; agreement to close an American radio station and permit the Japanese to open a large station in the British Concession. In Shanghai the appeasement policy—thus far disclosed—included the handing over to the Japanese of the Shanghai land records and title deeds which had been entrusted to the authorities of the International Settlement for safekeeping when the Chinese forces withdrew from the environs of Shanghai three years ago.

First U. S. Transport Overseas—to Alaska



For the first time in 41 years the United States is sending troops to the territory of Alaska. According to *Newsweek* for July 8, the U. S. transport St. Mihiel, sailed from a West Coast port with 600 troops for Alaska. The troops will be used to garrison the new air base now under construction at Anchorage. The transport St. Mihiel recently was purchased by the U. S. Government from a private shipping company operating in the South American trade. The last time American troops were sent to Alaska was in 1899.

Developments further afield included the agreement to close the Burma Road, an action against a friendly Chinese Government which has been compared to Italy's action in "stabbing France in the back when that nation had been forced to its knees by the Nazi blitzkreig."

And now the withdrawal of the handfull of British troops from Shanghai, a force of some 1,000 men, which obviously could not affect the situation materially in the struggle with Germany.

In calling attention to these statements of facts—largely culled from T. A. Bisson's *America's Dilemma in the Far East*—there is no intention on our part to say anything which would add to Britain's predicament in connection with the struggle in Europe. Britain obviously must exert her every ounce of strength in Europe and must not permit anything to interfere with the fundamental issue. The point we wish to make is that no compromise which the British may make with Japan will be likely to cause that warlord-dominated country to alter its aggressive course in the Far East, or to make any material changes in Japan's more-and-more-open policy of cooperation with the Axis Powers. In many respects the present situation greatly resembles the situation which prevailed in the First World War when Japan exacted secret agreements from the Allies that they would support her acquisition of Chinese territory (in Shantung and Manchuria) at the end of the war.

One is led to wonder what the Japanese have promised Craigie in exchange for Britain's agreement to pull out of China? Some suspect Craigie's deal with Japan was dictated by the British Admiralty and possibly involves an Anglo-Japanese naval understanding. Craigie was sent to Japan originally because of his supposed inside knowledge of naval affairs gained at the last London Naval Conference where he served as an adviser to the British delegation. Many observers think that the Burma Road deal was aimed as much at America as it was at Nationalist China. British colonial interests were not enthusiastic over the phenomenal growth of American commerce in west China and central Asia, areas heretofore regarded as a British sphere.

To quote further from Mr. Bisson's treatise on America's dilemma in the Far East, "The rapid advance of German arms in Europe has created new and more critical problems for American policy in the western Pacific. Unsettled issues that have lingered on for nearly a decade in the Far East have suddenly become more urgent as a result of the European crisis. Japanese aggression, tolerated by the western democracies in China, threaten now to spread into southeastern Asia. If Japan strikes south, this move will doubtless be synchronized with the period of maximum German-Italian pressure in Europe. How then, can the United States effectively counter the blow, especially if the fleet is recalled to the Atlantic?"

Mr. Bisson then described the division of opinion which developed in the United States a few weeks ago, with one group led by Senator Arthur H. Vandenberg advocating the negotiation of a new commercial treaty . . . "which would stabilize our relations in the Far East." The assumption was that if the United States did not possess sufficient strength to oppose Japan in the Far East at the present moment, we should therefore adopt a policy of conciliation.

On the other hand there was another influential group, represented by Col. Henry L. Stimson U.S. Secretary of war, which favored continued support of China as the best defense of the United States in Far East. More extensive aid to China at this time, including additional financial support and even a minimum of military supplies, would place further limitations on Japan's freedom of action. The American defense program, involving restriction on the export of machine tools and other articles, tended in the same direction.

It also was suggested that these measures might be further strengthened by the negotiation of a Soviet-American agreement on Far Eastern issues pledging both parties to the maintenance of China's independence and the status quo in southeast Asia.

Mr. Bisson's article was written on July 1. His last sentence declared that the final decision, given the speed with which events are now moving, "cannot be long postponed." The crisis which he expected came quicker than he thought, for it already is upon us.

Turning to the other phase of the subject, the question of America's entrance into the war, one cannot escape the fundamental conclusion that if America is to enter the war —as now appears likely—then the United States has every right to demand that Great Britain, including her powerful colonial interests, cooperate with the United States in the upholding of vital American policies (also Britian's policies) in the Far East.

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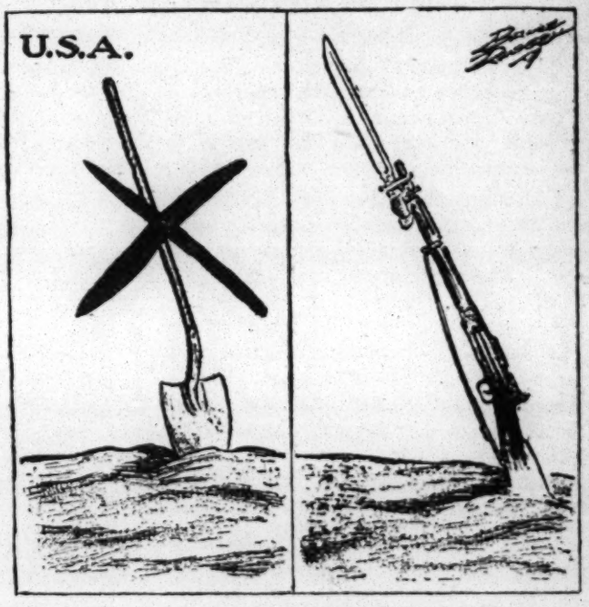


Russell in Los Angeles Times

U. S. NEGOTIATES FOR BRITISH BASES AND COOPERATION WITH CANADA

Col. Frank Knox, Secretary of the Navy, made a sensational statement before the military affairs committee of the House of Representatives at Washington on August 15 that Britain "might collapse within 60 days." Col. Knox's statement was made in connection with an appeal for the passage of the Conscription Bill now before Congress. He declared that should Britain be defeated it would leave the United States "without a single friend in this world. If the U. S. possessed a fleet of 3,000,000 tons, which could control both the Atlantic and the Pacific, then a huge army would not be necessary. But the strengthened U. S. fleet would not be available until 1946," he stated. When asked regarding dangers in the Far East, Col. Knox replied that "one could not know in these dangerous times when dangers might arise . . The United States must be strong enough to face them all . . There was no direct danger threatening from across the Atlantic, but in case Britain would be defeated, the American situation immediately would become worse than ever before."

The *Shun Pao*, leading Chinese paper, in commenting on Col. Knox's statement pointed out that the immediate menace to the United States lies in the Pacific, rather than in the Atlantic. The Chinese paper stated that fifth columnists are active in the Hawaiian Islands and the Japanese have secretly fortified the Mandated Islands.

Some Filipino leaders allegedly are pro-Japanese. Japan's southern expansion policy aimed at the Netherlands Indies, French Indo-China and the creation of an East Asia Economic Bloc "have created a situation which the United States cannot ignore as it constitutes a direct menace to American rights and interests in the Pacific . . . it is the most serious crisis in American history," the editorial concluded.

The statement by Col. Knox—less than a week ago—was echoed and re-emphasized in a declaration by William C. Bullitt, American Ambassador to Paris, on Aug. 19, that the United States "should extend immediate aid to Britain to prevent the possibility of a British defeat." Bullitt urged specifically that the United States immediately send 50 destroyers to Britain as this "would prevent the rapid spread of the Nazi peril to the United States." He warned that the United States today stands in the peril of a German attack as great as France did a year ago; that if the British fleet was defeated, America would be immediately menaced by dictator nations. Mr. Bullitt's address was delivered before the American Philiosophical Society in Philadelphia. He urged the U. S. to act decisively and "not be soothed by the words, 'Maginot Line,' the lullaby of the death of France . . Totalitarians are now singing the soothing words, 'Atlantic Ocean,' which may become the death sound of the United States." He reminded his hearers that the United States had suffered from three invasions from across the Atlantic, two being from Britain and during one the American Capital was burned. The third invasion was the Napoleanic invasion of Mexico."

Ambassador Bullitt attributed the French defeat to a division of opinion among the French public over social reforms and civil liberties. He said there was strong opposition to compulsory national service, even as a temporary measure, to save the liberties of France. "The French found it more comfortable," he declared, "to listen to soothing voices—some sincere and some bought by dictators—that it was more important for the individual to work only 40 hours a week than for France to have enough planes" and that voluntary acceptance of national service as a temporary measure would be in imitation of dictatorship. In this connection he said French airplane production had dropped at one time to 37 planes a month while Germany was turning out 1,000 a month.

Finally, the American Ambassador declared that many French patriots and democrats protected the communists on the ground that they should have the right to speak in a Democracy. "But these patriots discovered, too late, that the Communists were acting as spies and agents of the dictators and that the Communist Party was merely a camouflage as a political party and was, in reality a conspiracy to commit patricide at the direction of foreign dictators."

In closing Mr. Bullitt appealed to Americans to support conscription and heed the viewpoints of Gen. John J. Pershing, who commanded the American forces in the World War, and others who have urged the sending of 50 or more destroyers to Britain. If Hitler succeeded, Britain and Ireland with the whole continent of Europe "would be organized into one economic unit directed from Berlin, a unit far stronger than the U. S. in productive power and possessing five times our capacity to produce war ships."

WILLKIE APPROVES AID TO BRITAIN

Wendell Lewis Willkie, Republican candidate for President, in his speech of acceptance, also endorsed conscription and the sending of material aid to Great Britain. He declared,

"In the foreign policy of the United States, as in its domestic policy, I would do everything to defend American Democracy. I would refrain from doing anything that would injure it . . .

"The British Fleet for years has controlled the Atlantic, leaving us free to concentrate on the Pacific. If the British Fleet were lost or captured, the Atlantic might be dominated by Germany, a power hostile to our way of life. Our defense would be weakened until we could build a navy and air force strong enough to defend both coasts. Also, our foreign trade would be profoundly affected. That trade is vital to our prosperty.

Too Many Imitations

Herblock Cartoon in The China Press

"The foreign policy of the United States begins right here in our own land. The first task of our country in internationl affairs is to become strong at home. We must regain prosperity, restore the independence of our people and protect our defensive forces. If that is not done promptly, we will be in constant danger. If that is done, no enemy on earth dare attack us."

This, however, did not prevent the Republican candidate from making a strong attack on the policies of President Roosevelt, declaring that Roosevelt "had secretly meddled in European affairs and unscrupulously caused other nations to hope for more aid than the United States could offer, "Referring again to the European situation, he said, "If the British Fleet were vanquished, the Atlantic might be dominated by Germany—a power hostile to our way of life . . I promise to outdistance Hitler in any conflict he chooses . . We will beat him in our own America way . . It is the competition of energy against energy—production against production."

TOKYO THINKS U.S. WILL JOIN WAR

Observing these developments in U. S. public opinion and the far more significant disclosures by President Roosevelt referring to negotiations with Great Britain and Canada for naval bases and joint defense, caused the Japanese to jump to the conclusion that the United States would shortly be in the war. Quoting observers in Tokyo, *Domei* announced on Tuesday that the agreement between Canada and the United States to create a joint defense board, "had produced a situa-

tion virtually causing the United States to enter the war." Quoting the observers further, *Domei* said that the creation of such an organization for the defense of the Western Hemisphere, might be considered as a move to check Japan by the United States, *which appeared suspicious of Japan's policy in the Far East.*

Another *Domei* dispatch, this one from New York, said that Roosevelt's "bombshell announcement" about the negotiations for naval bases in exchange for overage destroyers, *probably included Far Eastern bases, particularly Singapore,* as well as the acquisition by the United States of naval bases in British territory in the Western Hemisphere.

ROOSEVELT'S REVELATION

President Roosevelt's historical declaration referring to the opening of negotiations with Great Bratain for the acquisition of naval and air bases, was made at a press conference at the White House on August 16. The President announced that the chief objective was the defense of the Panama Canal and the Western Hemisphere.

In a dispatch of several thousand words, the *United Press* correspondent in Washington, William Landon, stated that the American Chief Executive's startling announcement embraced three salient facts:

1—The United States was negotiating with Great Britain for the acquisition of naval bases in the Western Hemisphere for the defense of the Panama Canal.

2—Separate negotiations were being conducted with Canada for the general defense of the Western Hemisphere.

3—American military officers were being sent to Great Britain to observe and collect information regarding the Nazi *blitzkrieg.*

President Roosevelt's explanation was to the following effect:

> "The United States is holding conversations with the Government of the British Empire regarding the acquisition of naval bases by the United States for American Hemisphere defense, with special relation to the Panama Canal . . Furthermore, the United States Government is carrying on conversations with the Canadian Government, looking toward the defense of the Western Hemisphere."

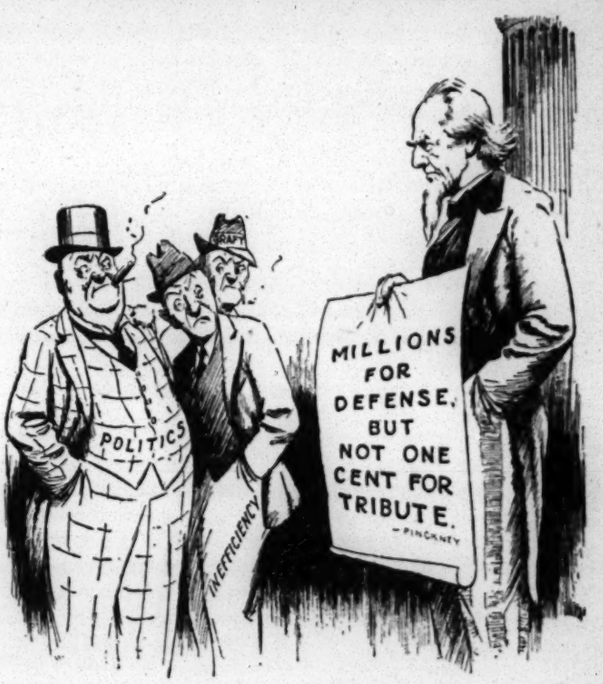
President Roosevelt insisted that the two negotiations were separate and distinct. He also said that the negotiations for naval and air bases in the Caribbean had no connection with the proposal for giving Britain 50 or more overage destroyers. It was thought, however, that the negotiations for the bases might have some connection with the question of paying Britain's war debt to the United States. While there was no statement regarding the exact locations of the proposed American bases, the *United Press* correspondent stated they would be in the vicinity of Trinidad or the Barbadoes, "which are in the midst of an area long considered a weak link in the Panama Canal defense." It also was admitted, at the press conference, that the President had sent Rear-Admiral John W. Greenslade of the Naval General Board to Martinique in connection with the discussions with Britain.

The announcement of the negotiations confirmed an earlier statement of M. Leon Trotsky, exiled Russian Communist revolutionary at Coyoacan, Mexico, who predicted that Germany's attack on England "would ultimately redound to increasing power for the United States in the Western Hemisphere."

Coincidentally, Moscow also had some sarcastic remarks to make about what the official organ *Pravda* designated as America's "double game" in international affairs. The Russian official organ said that the United States "was insisting that the status quo be maintained in the Far East vis-a-vis Japan, while at the same time America was endeavoring to crowd out the weakened European powers from the Western Hemisphere." Continuing, the Moscow paper declared that the United States "is approaching entry into the war with seven league strides . . From month to month aid to England is becoming more effective . .The United States has gone so far in the struggle against Germany that even should Britain give up, the United States could hardly stop . . Precisely because she is anticipating an inevitable conflict with Germany and Japan, the United States has embarked on a gigantic armament program."

Mrs. Eleanor Roosevelt, wife of the President, topped it off by predicting in her syndicated column (August 17) that "the time may soon come when the United States will have to take world leadership . . There are some

Uncle Sam—"This Means You!"



The New York Times

in this country who feel we should confine ourselves entirely to its borders . .But there may soon come a time when the United States will have to take world leadership, first spiritually, then in an economic way, and perhaps in a military way."

President Roosevelt, before opening his momentous meeting with William Mackenzie King, Canadian Prime Minister, renewed his pledge that the United States would defend Canada against aggression from beyond the seas.

President Roosevelt's negotiations with Canada had a special interest in the Far East due to the close connection between Canada and the large American territory of Alaska. For many years the United States had discussed with Canada the matter of American planes flying over Canadian territory while travelling between U. S. territory and Alaska. Another matter concerned the construction of a road from the northern U. S. border, across Canadian territory, to Alaska, a vital link in the vast Pan-American highway which America had long desired to complete. The fact that the United States is now constructing powerful air bases in Alaska lends added interest to the Canadian negotiations.

Of further interest in connection with the matter of air and naval bases, was a declaration by George H. Tinkham, Republican Representative from Boston. Mr. Tinkham said that if the Republicans succeed in

obtaining a majority in the House, he intended to demand a congressional investigation of the American agreement with Great Britain covering jurisdiction over Canton and Enderbury Islands in the South Pacific. He claimed the agreement included sweeping provisions on military commitments. The two islands are strategically located on the air-route between San Francisco and New Zealand and also with respect to the Japanese Mandated Islands, which Japan is suspected of secretly fortifying.

The only discordant note was cabled to the Far East by the German *Transocean* news service, from Washington on August 8. The dispatch quoted the *Baltimore Sun* as strongly criticizing the contemplated assistance to Great Britain. The paper pointed out that much of the valuable American equipment sent to France"ultimately fell into the hands of the German Nazis and was now being turned against us . . Therefore the Americans had better watch their steps, because if Britain also blows up, and if the totalitarian powers are in a position to demand an accounting, thousands of American planes would be there at Germany's disposal to help them in the negotiations." Referring to the plan to send destroyers to Britain, the *Transocean* correspondent quoted the Baltimore paper as declaring that it was a "philanthropic enterprise designed to save the Americans from Hitler and the Japanese . . The theory is sheer madness because the only aim of the British Navy is to protect England and to that end Britain is quite willing to sacrifice the lives and property of any other nation."

Late Mr. Cox Convicted Post-Mortem

MR. James Melville Cox, chief correspondent of Reuters Agency in Japan, never had a chance to be brought to trial for his alleged crimes of espionage, for he died in the Gendarmerie Headquarters in Tokyo—according to the Japanese, a suicide. But the Japanese have convicted him post-mortem, themselves filling the roles of prosecutor, judge and jury, and with no counsel for the defense present.

The post-mortem conviction was announced in an "informal" statement issued on the afternoon of Aug. 15 by Mr. Kaname Akiyama, director of the Criminal Affairs Bureau of the Ministry of Justice in Tokyo. Had Mr. Cox lived, the statement as cabled to Shanghai by *Domei* said, he would have been brought to trial on charges of violating the Military Secrets Law as well as Article 99 of the Army Penal Code and Article 100 of the Navy Penal Code. As it was, "suspicions that Mr. Cox was engaged in military espionage were confirmed by an examination of the correspondent's letters and documentary files which were seized by the authorities." These allegedly showed that Mr. Cox had gathered information regarding the strength of the Japanese Expeditionary Force sent to China after the outbreak of Sino-Japanese hostilities in 1937 and the duties and future plans of this force; that he had secured data on the "state of concentration" of Japanese military forces, measures taken by the Japanese Navy in an "undisclosed area," operations of Japanese naval craft engaged in "certain duties," the progress of Japanese naval building plans, and the strength of Japanese forces stationed in Manchuria.

Apart from this, Mr. Cox made "derogatory remarks" regarding the Japanese Army and engaged in activities detrimental to the success of the Japanese operations in China, thereby contravening Article 99 of the Army Penal Code and Article 100 of the Navy Penal Code.

As usual in such cases, the charges as disclosed are extremely vague. Regarding the charges of espionage, it is more than likely that all Mr. Cox did was to collect normally accessible information for his agency, as any conscientious correspondent would do, and that he had no thought of espionage, much less using the information he acquired as a secret service agent would do. But in the eyes of the spy-crazy Japanese officialdom the most innocent activities of a press correspondent become the doings of a spy.

The Ministry of Justice felt itself obliged to say something about the suspicious circumstances of Mr. Cox's death. The official inquest disclosed, said the statement, that Mr. Cox's death was caused by compound fractures of both thigh bones and other injuries caused by his "fall" from an upper floor of the Gendarmerie Headquarters building and examination of his body disclosed no signs of maltreatment. More than 20 needle marks on the body resulted from injections of camphor, digitalis and a saline solution given by surgeons in an effort to save Mr. Cox's life, the statement asserted.

The Ministry of Justice concluded its "informal" statement as follows: "It is not mistaken to judge that Mr. Cox committed suicide by leaping from a window to escape conviction which he must have believed certain." But in view of the notorious Japanese police methods, the public abroad will never feel so certain of this as the Tokyo Ministry at least pretends to be.

Japanese Now Control the Gambling-Opium Sector

THE new defense arrangement, which placed the Japanese Army in complete control of the western suburban district, has also had the effect of making the Japanese solely responsible for Shanghai's twin evils—gambling and opium.

Previously, when the British outposts were located in this district, the control of the area within the British lines was divided between the Japanese military, the Wang Ching-wei regime and the local Ta Tao administration headed by Mayor Fu Siao-en. Wang Ching-wei's fortified residence, with its steel-spiked wall, is located on Yu Yuen Road, adjacent to the former "Hollywood" gambling and opium-smoking joint, while Wang's "orthodox" Kuomintang has its headquarters about a block away at 76 Jessfield Road. Practically all of Shanghai's gangsterism and terrorism is centered at 76 Jessfield Road.

As a result of this situation, revenues from gambling and opium-smoking were split three ways—Wang Ching-wei, Ta Tao and the Japanese — with the Japanese taking the lion's share as "protectors of amusements" in that area. Since Mayor Fu Siao-en also maintained his police in the district, he naturally received a cut on the revenues, but his portion was small due to Japanese opposition. Recently, when the Japanese and Wang interests decided to close most of the "badlands" joints and concentrate them in one large establishment on Ave. Haig, on the border of the International Settlement, Mayor Fu was entirely excluded from participation in the revenues from gambling and opium-smoking. The "tax" on the new establishment, amounting to approximately $550,000 monthly now goes to Wang's government and the Japanese, with the Japanese taking 70% for providing the protection. The No. 1 Japanese controller of "amusements," a man named Miura, has his office in the district.

Previously, the Japanese—due to orders from Tokyo—disavowed any direct connection with the gambling and opium business, and permitted representatives of the Wang Ching-wei government to collect the taxes, following which the revenues were divided "behind the scenes."

Now, however, thanks to the new defense arrangement, with the Japanese in complete control of the "badlands," the Japanese military authorities cannot escape responsibility as all of the gambling and opium-smoking joints, as well as the heroin-selling agencies, are within the area which is entirely surrounded by Japanese soldiers. This is the extensive residential district bordered by the railway tracks on the west, Rockhill Avenue and Avenue Haig on the south, Kiaochow and Jessfield Roads on the east. This area, however, does not embrace the new joints, eleven in number, which recently were opened in the Nantao section adjacent to the French Concession.

Aside from numerous small gambling places in Jessfield Village, there are three large gambling houses within the Japanese military lines, the China Club, which is owned outright by officials of the Wang Ching-wei regime, Farrens Ltd., which is owned by foreigners and caters chiefly to foreigners, and the new Liu Ka (Six Nations) house, located on Ave. Haig.

Japanese Object to Marines Taking Over Defense Duties in Downtown District of Settlement

THERE are probably few people in Shanghai who were sanguine enough to believe that the Japanese would gracefully accept a reasonable plan for the disposition of the Shanghai defense sectors after the withdrawal of the British garrison from this city in accordance with the decision of the British Government to evacuate all its armed forces from China. British forces departed from Peiping and Tientsin last week, and the local force has started moving out. But the local defense sector problem still remains unsolved.

The Shanghai Defense Committee, consisting of commanders of the foreign forces, met on Aug. 15 and by a two to one vote adopted a plan whereby "D" Sector, which lies in the Western District and embraces the Badlands, and West Hongkew, be allotted to the Japanese, while "B" Sector, which is the central downtown part of the International Settlement, be taken over by the U.S. Marines. The Japanese member voted against this motion, while the Italian member abstained from voting. Had the "Axis" in this instance shown itself to be a little less anaemic, the Italian vote would have enabled the Japanese to tie the two votes registered by the British and Americans for the foregoing proposal.

The Japanese member of the Committee, Rear-Admiral MorijiTakeda, reserved the right to submit an alternative plan to the Committee. On August 16, the Shanghai Municipal Council met and endorsed the majority plan, but reserved the right to give full consideration to any Japanese counter-proposal should it be communicated in time to enable arrangements to be made before withdrawal of the British forces.

While rejecting the Defense Committee's scheme as a whole, the Japanese lost no time in moving their Marines into the Western "D" Sector as the British troops began to depart. And as a temporary measure, the Shanghai Volunteer Crops has taken charge of the downtown area which it was proposed to allot to the U.S. Marines.

Whether any permanent arrangement will be made before the British tommies leave the city remains to be seen. The State Department in Washington has let it be known that it regards the whole matter as a local issue. Mr. Sumner Welles, Assistant Secretary of State, expressed the view on Aug. 17 that a settlement of the controversy could be arrived at on the spot between the various commanders. It had not become a matter for the State Department to handle, he said.

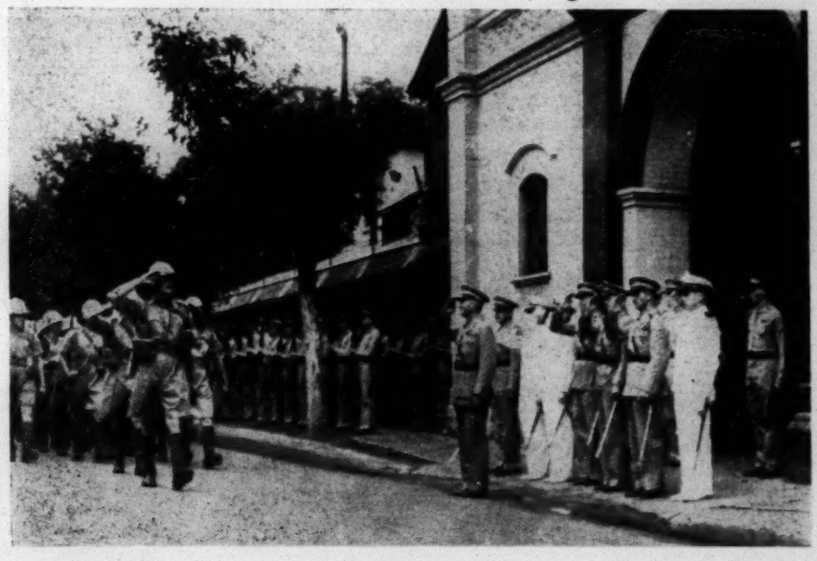
This attitude, without doubt, has given encouragement to Japanese aspirations. The spokesman of the Foreign Office in Tokyo, Mr. Yakichiro Suma, was quite unequivocal in stating (Aug. 16, *Domei*) that any idea of the evacuated British sectors being taken over by the U.S. Marines "has little possibility of realization, especially as Shanghai is not part of American possessions." It was the attitude of Japan, he said, that the sectors should be handed over to the Japanese forces in view of "the actual situation in Shanghai," adding that "it is not necessary to reiterate that the Settlement has been utilized as a base of activities of Chungking elements." Mr. Suma also said that the local Japanese commander would be supported by the Tokyo government in any stand he might make on this question.

Asked what would happen if the British troops should leave Shanghai before a final solution is found, Mr. Suma said it had been reported, though unconfirmed, that a certain British official had said that the function of the British garrison was to defend the Settlement against attacks by Chinese forces. "Therefore," he declared, "I personally believe that the British troops may evacuate at any time since there exists no such danger."

British troops comprising the Embassy Guard in Peiping left that city on August 13. The British garrison at Tientsin left on August 18, embarking at Tangku on the Jardine steamer Taksang for an unknown destination. This leaves only the local garrison forces. On the night of August 16, the latter staged a farewell radio program over Station XCDN, a feature of which was a brief address by Major Gen. F. Keith-Simmons, the officer commanding. British troops had been stationed in Shanghai for the past twelve years, he said, and had always received great kindness from the inhabitants of the city. For this he expressed the gratitude of all ranks. A farewell tattoo was given at the Race Course on Monday afternoon of this week, when the combined bands of the Second Battalion of the East Surrey Regiment and the First Battalion of the Seaforth Highlanders imparted a stirring musical note to a memorable ceremony.

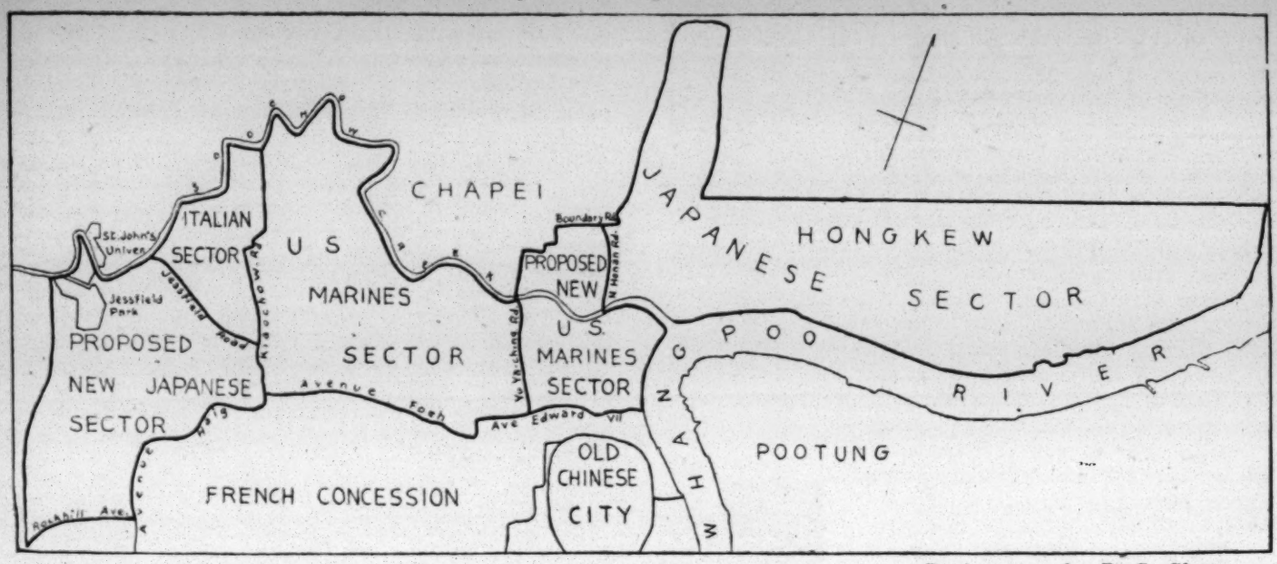
According to reports last week-end, a number of unidentified Japanese and Chinese have been visiting tenants in the Yu Yuen and Brenan Roads districts in the Badlands section (which lies within the sector which the Japanese have already taken over) and urging them to withold rents from their present landlords. After the British troops had evacuated, they were told,

British Troops Leave Peiping



On Aug. 13, four days after the announcement of Britain's intention to withdraw all her troops from China, the British Embassy Guard at Peiping departed from that city. The American Embassy Guard, consisting of Marines, turned out as a guard of honor for the departing Tommies. Picture shows the salute being taken by Col. Allen H. Turnage, commander of the American Embassy Guard, as the Tommies marched out of the Legation Quarter bound for the railroad station. British troops have been stationed in Peiping continuously since the signing of the Boxer Protocol in 1901. Usually very small, the numbers were increased temporarily in times of disturbance.

Redistributing the Shanghai Defense Sectors



Review map by P. C. Chen

The proposed new U. S. Marines' defense sector ("B" Sector), embracing the downtown section of the International Settlement, has been committed temporarily to the charge of the Shanghai Volunteer Corps, since the Japanese have objected to the Marines taking over. "D" Sector to the west has already passed into Japanese control following the evacuation of the British garrison from that area.

a Japanese organization would take over the properties and they should wait for this to happen. Here, apparently, is foreshadowed an extension of that lawlessness and disregard for property rights which has become a feature of Japanese control everywhere.

In view of the change in the disposition of the defense sectors, arrangements are being made to transfer the Criminal Section of the First Special District Court from North Chekiang Road to premises in the Bubbling Well Road district, so that it may be within the Marines' defense sector. The present premises are in the West Hongkew district, part of the British defense sector which the Japanese are taking over. Since the puppets are demanding the handing over of the court to their control, it obviously could not function properly, if at all, in an area where the Japanese are in command.

Good-bye Wakamoto, Balm For Distressed Publishers

CHINESE newspapers reported on Monday of this week—with considrable elation—that the Japanese consular police had issued a warning to Japanese firms to cease advertising in the foreign, English-language papers, on the ground that the papers were anti-Japanese. One of the Chinese papers referred particularly to a certain Japanese drug store which had been placing large advertisements in a local evening paper, and alleged that the Japanese drug store had been warned against advertising in the foreign paper because the policy of the paper was "anti-Japanese." A brief translation from the *China Evening News* which appeared in the British *North-China Daily News* stated that the Japanese consular athorities had issued definite orders to Japanese firms to discontinue advertisements in the foreign press because —"some of the papers were considered . . as being anti-Japanese."

The report must have produced consternation in local foreign newspaper offices because one Japanese firm—Wakamoto Yeast Tablets—for many months has been the most liberal advertiser in the Shanghai foreign press, the amount of money on some occasions allegedly exceeding Ch.$5,000 to $6,000 monthly for a single paper.

Opinion varies regarding the medicinal value of Wakamoto. A well known German medical house represented in Shanghai allegedly sent samples of the tablets to Germany for chemical analysis and received a reply stating they were of little more value than an equal amount of flour, corn or oatmeal. However, there probably are many persons in Shanghai who would be willing to attribute miraculous cures to Wakamoto.

Wakamoto Yeast Tablets are said to be a by-product of the Japanese brewery industry which previously was used for fertilizer—until a young Japanese chemist, fresh from an American university, won fame and fortune by pressing the material into tablets and selling it in small bottles for a high price instead of by the shovelfull at a low price as was the case previously.

Of one thing all may be assured: The amount of money expended for Wakamoto advertising was not justified on business grounds, meaning that actual sales of the tablets did not justify the heavy expenditure for advertising. The answer to this riddle apparently is to be found in the fact that the Japanese proprietors of Wakamoto, possibly under official inspiration or pressure, thought they had found a way of influencing the Shanghai press. There can be no other explanation for the lavish expenditure of money in the Shanghai newspapers, the advertising departments of which often wrote their own Wakamoto copy and inserted it in any space they required to "fill up" the paper, knowing that they would be paid for it at the end of the month. Some of the papers published Wakamoto ads in fantastic colors at exorbitant prices.

Therefore, while Wakamoto may have been of doubtful medicinal value, the advertising revenue was a veritable "balm of Gilead" for distressed Shanghai editors who were worried about meeting bills for paper, ink and wages of staff and printers at the end of the month. Actually, the number of papers which refused to accept Wakamoto ads could be counted on the fingers of one hand.

But if the Japanese had the ulterior motive to control the local foreign press when they embarked on such a lavish and wasteful advertising campaign, the plan was largely a failure because most of the papers continued their anti-Japanese course in spite of Wakamoto. Newspaper readers often were amused—if not amazed—to see anti-Japanese editorials on one page and large Wakamoto ads on other pages.

If it is true that Wakamoto is to withdraw from our local —wayward—foreign press, the readers thereof, Chinese as well as foreigners, will miss a chief source of entertainment—along with Sapajou cartoons, Little Nancy and Alley Cop. Witness the proof:

> "The day's work about the house used to leave me exhausted and run-down. I was subjected to spells of dizziness. But wth the help of that great builder-upper, I now whistle while I work—Wakamoto!"
>
> "There was a time when the sun and sea fatigued me, and I was too tired to enjoy my vacations fully. But Wakamoto changed all that. Now I loll about in the surf for hours. I'm perfectly healthy and strong and able to enjoy myself. That grand body conditioner made me that way . . "
>
> "Some people call this middle-age! 'Course I have a tinge of white on my temples, and, to tell the truth, only a year ago I was a tired old codger. My forty odd years had a telling effect on me. Then my wife bought Wakamoto . . No more of that down-in-the-mouth feeling, no more dizziness, a perfect stomach, everything is hunky-dory . . "

It was a mystery in local business and journalistic circles as to who was resopnsible for writing and designing the Wakamoto ads. The managers of local advertising agencies, all of whom are Chinese, singly and collectively disavowed any connection with writing and placing of Wakamoto copy. Some of them alleged that the copy was prepared in the advertising department of one of the foreign papers—one of the most anti-Japanese of the lot—and then distributed to the other papers.

Well, to sum up the situation—Wakamoto was great while it lasted, because, to quote from the pretty nurse whose picture appeared in the upper corner of a three-column ad, "it was a splendid builder-upper"—at least for distressed newspaper proprietors!

Why Chungking Adjusted The Exchange Rate

BY JOHN AHLERS

A more realistic attitude to the problem of the exchange value of the Chinese national dollar was indicated by the Chungking Government's recent decision to decrease from 7d to 4½d the official quotation for national currency in terms of Sterling. This new official exchange valuation of the Chinese dollar is still some 20 percent above that of the Shanghai open exchange market if local Sterling rates are taken into account, and some 10 percent if the present London and New York rates for Sterling are considered the basis of Chungking's calculation. Yet the official Chinese exchange rate at 4½d is considerably less at variance with Shanghai open market rates than during the past two years.

For a long time after Shanghai abandoned pre-war exchange standards in the spring of 1938 the Chinese Government banks continued to cling to them. Following the breakdown in June and July last year of the fixed-rate intervention policy, Chungking lowered its official exchange rates for Chinese dollars to 7d, but by that time Shanghai exchange quotations already had descended far lower. The depreciation of Sterling for some time helped to disguise the further depreciation of Chinese currency, which accompanied free Sterling on its downward trend—until the February-May period of this year saw Chinese dollars once more embark upon a sharp decline of their own. Although June and July experienced a sharp reaffirmation of Chinese currency, the latter's unofficial Shanghai exchange value was but little more than half the valuation given the Chinese dollar by Chungking.

The National Government's persistence in quoting foreign exchange at Chungking so much lower than at Shanghai, contributed much to the Chinese public's confidence, at Shanghai as well as in the Japanese-occupied interior, in an ultimate strong appreciation of Chinese currency over current Shanghai rates. This policy helped to induce a great many holders of large amounts of national currency to refrain from capital flight, or from converting their money into foreign exchange. On the other hand, Chinese business was much too realistic and much too practical not to see the actual facts, whatever might be the perspectives for a distant future. The Chungking official rates were maintained by exchange control only, and in Free China foreign exchange was not freely available against national currency. The result, although Chungking valued the Chinese dollar at almost double the Shanghai rate, was a substantial premium of free Shanghai money over controlled Chungking dollars. The attempt of the Chinese semi-official trade monopolies and other business corporations to enforce a lower price level in sympathy with the Chungking rates led to much bewilderment and confusion, and encouraged smuggling of commodities and underground financial transactions on a truly tremendous scale. In some of the monopolized export products, smugglers managed to export from Free China as much as the official trade organizations.

The Chinese National Government gradually came to realize that this situation, in the long run, became not only untenable but also more and more disadvantageous to Free China's true interests, and that it demanded readjustment. When the latest half-hearted Japanese peace offer, which really was but another demand for submission, was turned down and the Nipponese answered with new offensives on land and in the air, with a further intensification of their naval blockade of the China coast, and with the isolation of Free China in the South—Chungking seized upon the occasion to effect the exchange readjustment which already was overdue. By cutting the official rate for Sterling from 7d to 4½d, the Government took a long step towards approximation of Chungking quotations and Shanghai rates, and towards reducing the difference between the two to a percentage too small to encourage the continuation of a great number of illegal currency transactions which had become customary in Free China. In addition, the more realistic valuation of the Chinese dollar by Chungking is likely to go far towards abolishing the disparities between official and "black market" price levels in Free China, and thus towards legalizing much of what until a short time ago was outlaw business.

Besides such general readjustments, Chungking pursued at least three immediate aims. The most urgent and important of these is the encouragement of Free China exports. The complete French and the partial British capitulation to Japan's demands for commercial discrimination against Free China in French Indo-China, Hongkong and Burma suddenly paralyzed numerous Chinese governmental foreign trade organizations, and blockaded many of the trade channels used by them. The illicit Free China smuggling trade, on the other hand, disposed of an underground apparatus and of trade channels of its own which the National Government had desperately fought up to the very recent past, but which now have become of major importance as a convenient means of replacement for the blocked official means and ways of foreign trade. An exchange rate of 4½d makes it worthwhile for the formerly illicit trade to enter into cooperation with the Government for the

Ruined Nanking—the Puppet Capital

This picture is of the main street in Nanking, Chung Hwa Loo. Every other building along this thoroughfare is in ruins as a result of the fighting in the closing days of 1937, and repairs have not yet been effected. Note the left side of the picture, where the facade of a building still stands, although the interior is an empty shell.

maintainance of whatever can be salvaged from the wreck of Free China's foreign trade.

Another of Chungking's aims in connection with the lowering of the official exchange rates is the encouragement of movements of capital funds from financially over-saturated Shanghai to Free China, which is short of capital. The rapprochement between the Shanghai and Chungking rates tends to reduce the disparity between Shanghai and Chungking dollars by lowering the premium formerly enjoyed by the former. Overseas Chinese, in particular, will find capital investments in Free China much more attractive now that their Straits dollars, Java guilders and Philippine pesos at Chungking and Kunming yield almost twice as many Chinese dollars as in the recent past. Tang Kah-kee, most prominent Chinese industrialist of Singapore, on his recent Free China trip doubtless seized upon the opportunity of personally advising the Chinese authorities in this direction.

Last but not least, Chungking's lower exchange rate is likely to encourage subscription in Free China to the National Government's new Gold Bonds, issued this year to the amounts of £10,000,000 and U.S.$50,000,000. It is upon these Gold Bonds that the deadweight of the Chungking Finance Ministry's loan issues now appear to lie. The subscription of new government bonds, made out in terms of national currency, seems to be confined to the Government banks almost exclusively. In the eyes of the Chinese banking world and public, the Gold Bonds, with their pegging to foreign currency, today must seem much more attractive. These Gold Bonds originally were earmarked for issue among the overseas Chinese only, but soon found favor with the Free China public, too. The service of these bonds is to be effected abroad in foreign currencies, but in Free China in national dollars upon the basis of official exchange rates. The lowering of these rates, in respect of Gold Bonds, means that these Bonds now yield almost twice as much in terms of Chinese currency as before.

The situation, of course, is not that the Chinese National Government has hit upon a new device to add to the financial and economic strength of Free China, but that Chungking has been compelled to admit further currency devaluation in order to retain at least part of the strength Free China thus far was able to show. Currency depreciation cannot create new assets but merely adjusts and redistributes existing ones. To a certain extent, it amounts but to a postponement of the day of reckoning; it always has been much easier to devaluate a currency than to revaluate depreciated money. No doubt this is clear to the brains in charge of Chungking's financial affairs, but their primary concern must remain, for the time being, to assist in the defense of Free China.

Julean Arnold Retiring After 38 Years in China

JULEAN Arnold, probably the most widely known foreigner in China, particularly among Chinese businessmen, has announced his retirement from the American Foreign Service. Mr. Arnold came to the Far East as a consular official 38 years ago and after service for several years at posts in Formosa, Fukien Province and at Hankow, he joined the Department of Commerce as Commercial Attache. From his headquarters, first in Peiping, and later in Shanghai, he traveled extensively throughout the country, his territory extending from the Amur River on the northern Manchurian border to French Indo-China on the south and westward to the borders of Tibet and Chinese Turkestan.

It was almost entirely due to his efforts that the American commercial attache's office was developed from a one-man job to the largest commerce-promoting department of any foreign government represented in this country. Since China was passing through a transitional period from the old Manchu regime to a republican form of government, Mr. Arnold's office exercised potent influence on Chinese chambers of commerce, bankers' associations, industrialists and businessmen generally. He also assisted the Chinese Government materially in its development of modern systems of crop reporting, customs administration and organization of statistical administrations. While he has had the assistance of a competent staff, it is correct to say that no American has done as much as Julean Arnold in the promotion of trade between America and China—both ways—for he not only promoted the sale of American goods, but assisted the Chinese in developing their products for the American market.

The American Commercial Attache's office has long served as a source of information on commercial and industrial subjects, visited by Chinese businessmen and officials as well as Americans and foreigners of other nationalities.

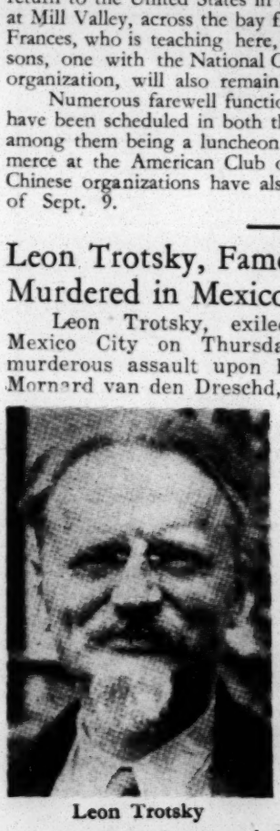
Mr. Arnold has always been a man of undaunted optimism with regard to the future of Chinese-American trade and commercial-industrial relations. While on vacation in the United States he usually devoted his time to lecturing before chambers of commerce and trade bodies on the importance of China as a field for American commercial development. Hundreds of American businessmen became interested in the China market as a result of his efforts.

Mrs. Arnold, who has been in China with Mr. Arnold throughout the period of his residence here, has also been active in community service and is widely known among Chinese women, particularly at Peiping and Shanghai. Mr. and Mrs. Arnold are planning to return to the United States in September and will make their home at Mill Valley, across the bay from San Francisco. Their daughter, Frances, who is teaching here, will remain in Shanghai, and two sons, one with the National City Bank and the other with the Ford organization, will also remain here.

Numerous farewell functions in honor of Mr. and Mrs. Arnold have been scheduled in both the foreign and Chinese communities, among them being a luncheon by the American Chamber of Commerce at the American Club on Tuesday, Sept. 3. A number of Chinese organizations have also planned a dinner for the evening of Sept. 9.

Leon Trotsky, Famed Revolutionist, Murdered in Mexico City

Leon Trotsky, exiled Bolshevik leader, died in Mexico City on Thursday of this week following a murderous assault upon him by a man named Jacques Mornard van den Dreschd, 36-year-old Persian-born Paris journalist who is strongly suspected of being a member of Stalin's G.P.U. or secret police.



Leon Trotsky

Dreschd, who had free access to the Trotsky household for the past eight months, being considered a reliable friend of the Russian revolutionary exile, attacked his victim on Aug. 20 in his study with a mountain-climber's axe. Trotsky sustained deep head, shoulder and knee wounds. Guards arrested his assailant and police later detained Sylvia Ageloff, 30-year-old Russian-born naturalized American who is said to have "posed as his wife."

The gravely wounded Russian exile was rushed to the Green Cross Emergency Hospital where two operations were performed to relieve brain hemorrhage. He was placed in an oxygen tent, but physicians thought he had only one chance in ten to live. He died after the second operation.

A gang of desperadoes in Stalin's employ attempted to kill Trotsky on May 24, just three months ago. They machine-gunned his bedroom for several minutes while he lay sleeping, but both Trotsky and his wife miraculously escaped injury. One of Trotsky's guards, Robert Sheldon Harte, was kidnapped by the gunmen and murdered. Mexican police arrested four of the participants in the attack. All were found to be members of the Mexican Communist Party and connected with Stalin's G.P.U. The leader of the attack was David Alfaro Siqueiros, Mexican painter and a Stalinist for the past 15 years. He fled after the crime but was implicated by the four men arrested, all of whom made signed confessions to the police.

Leon Trotsky was 60 years old and would have celebrated his 61st birthday on the forthcoming 23rd anniversary of the Bolshevik Revolution, for by remarkable coincidence he was born on November 7, the date in 1917 when the Bolsheviks seized power in Russia. He is survived by his wife, Natalia, and a grandson. His two daughters and his two sons were all murdered by Stalin's G.P.U. in a vendetta which pursued the exile and his family from the time of Trotsky's deportation from Soviet Russia.

Italian Troops Enter Berbera as Britain Withdraws From Somaliland; Rome Makes Demands on Greece

AN important milestone in the war between Great Britain and the Axis Powers was reached this week when the War Office in London announced the withdrawal of British troops from the Somaliland protectorate in the face of what were described as greatly superior Italian forces. Italian troops entered Berbera, the capital and principal port, at 7 p.m. on Aug. 19.

Mediterranean Cruise

News of the World, London

According to an Italian communique, the British had set fire to a part of the city before leaving.

By the retreat from Somaliland the British Empire has suffered its first territorial loss in the present war, if one excepts the Channel Islands, abandoned to Germany after France's capitulation. Italy has acquired 68,000 square miles of territory with a population of some 350,000 natives—mostly Mohammedans—the chief products of which are cattle, sheep, goats, hides, skins and gum. More importantly, Italy has rounded out her East African Empire and placed herself in a strategically important position facing Aden, the Gibraltar of the Red Sea.

The British War Office communique which announced the abandonment of the territory on Tuesday of this week, stated that with the cooperation of naval and air force units British troops had been embarked, taking with them the wounded, all guns (except two which were lost in an earlier stage of the action) and the bulk of stores and equipment. Explaining the withdrawal, the communique said:

"Original dispositions in Somaliland were based on a scheme of close Franco-British cooperation, under which French forces at Djibuti were to hold the right flank—the pivot of the whole position. With the sudden secession of the French Government from participation in further hostilities, a new and grave situation was created.

"More than half the available Allied force had been neutralized, and it became immediately necessary to decide upon the most effective measures for dealing with the emergency. Various alternatives were open to us. We could reinforce British Somaliland in sufficient strength to ensure its safety, but that would have involved employing important reserves, thereby weakening reserves in other theaters of war more important to our immediate war effort than Somaliland.

"The time factor was also an important consideration. This plan was, therefore, reluctantly abandoned.

"Another alternative was immediate and unresisting evacuation, which meant abandoning British territory without fighting, and thereby losing an opportunity of inflicting losses on the enemy in men and material which it will be difficult for him to replace.

"The third course was to remain with our small force, using it to inflict the maximum damage on the enemy until a withdrawal became inevitable.

"This course was chosen, and the evacuation of Somaliland has now been successfully completed. Our force has been withdrawn. All guns, except two lost in an earlier stage of the action, have been embarked. A great part of material stores and equipment has also been evacuated, and the remainder destroyed. Our wounded have been safely brought away.

"British, Rhodesian, Indian, African and Somali troops, working in the closest cooperation with the Navy and the Royal Air Force, carried out their roles with conspicuous skill and bravery against greatly superior strength. Enemy losses, particularly among Black Shirt units, have been heavy and out of all proportion to our own."

In Rome and Berlin there is much rejoicing over Britain's retreat from the African colony. Chancellor Hitler telegraphed his congratulations to Premier Mussolini on Italy's "great victory," while the Axis press has been busy scoffing at Britain's claims of an "orderly retreat" and attempts to minimize the seriousness of the British loss. Competent quarters in Rome, according to *Transocean*, declared that "the flight of the British on to their warships assumed the aspect of a retreat in panic, resembling that of Dunkirk." British General Headquarters for the Middle East announced from Cairo that the British had withdrawn "after fighting a brilliant rearguard action against picked Italian formations."

Down in the Balkans

Walker in South Wales Echo

Poacher: "Hem, I didn't recken on big game in this vicinity."

Refusing to admit that the Italians had gained any great advantage from their capture of Somaliland, the Headquarters announcement said that British command of the sea and the Gulf of Aden would render useless the small, undeveloped port of Berbera and other anchorages on the Somaliland coast.

The Nazi aerial *blitzkrieg* against England has meanwhile been continuing with unabated ruthlessness and Britain's Royal Air Force is striking back at Germany with equal ferocity. Official communiques afford only a faint inkling of the casualties and extent of damage caused. On the afternoon of Aug. 17, Germany proclaimed a "total blockade" of the British Isles and warned neutral shipping that it would risk destruction by entering British territorial waters. The proclamation accused Britain of violating all international rules of war conduct by declaring foodstuffs to be contraband; by treating as contraband goods in neutral possession being exported from Germany in neutral ships; by illegally arming British merchantmen and using them as an aggressive weapon against German submarines; by laying drifting mines and using fishing vessels as submarine traps; by seizing the merchant ships of Norway, Denmark, Holland, Belgium and France and compelling the owners and crews of such vessels to work for them; by forcing neutral shipping to enter British ports and arbitrarily intercepting vessels of neutrals such as Japan, the U.S.S.R. and Sweden; by enforcing the "navicert" system on neutrals and treating ships without "navicerts" as prizes. In these circumstances, the proclamation stated, the British have made of all waters around their Isles a zone of military operations into which no genuinely neutral ship should enter. If a neutral ship does enter, it is liable to be destroyed and the Reich Government repudiates all responsibility for damage to ships or injury to persons.

Tension arose last week between Italy and Greece following upon the assassination in the latter country of an Albanian irredentist named Daut Hoggia. It is reported that Italy has not only demanded reparation of Greece, but is employing the incident as a peg on which to hang a series of political demands. Among other things, it is rumored that Rome has demanded repudiation by Greece of the British guarantee of her territorial integrity, an adjustment of the Greco-Albanian frontier, and a modification of Greece's border with Bulgaria so as to afford the latter an outlet to the Aegean Sea.

A Greek destroyer, the Helle, was sunk by an unidentified submarine last week, and Rome has accused Britain of the act, alleging that Britain is endeavoring to complicate Italo-Greek relations. Right after this incident, two Greek destroyers, which were proceeding to the spot where the Helle was sunk, were bombed by planes said to belong to the Italian air force.

The toll of war on the sea was brought out forcibly this week when the British Admiralty announced the casualties sustained when the Germans sank H.M.S Glorious, 22,500-ton British aircraft carrier, near the Norwegian coast on June 8. Total casualties were given as 1,204, of whom 869 were listed as missing.

Britain's total casualties in the war thus far, including killed, wounded, taken prisoner and missing (including civilians), number about 92,000, Mr. Winston Churchill, Britain's Prime Minister, told the House of Commons on Aug. 20. He contrasted this figure against the figure of 363,000 which represented British casualties in the first year of the first world war.

The Staff of the American Consulate-General at Shanghai

The *American Foreign Service Journal* for July contained the above photo of the entire staff of the U. S. Consulate-General at Shanghai, taken by John S. Service prior to the departure from Shanghai of Consul-General C. E. Gauss, who was appointed Minister to Australia. The names of the members of the Consulate-General, as listed in the *Journal* were: Front row (left to right): Tenney, Service, Engdahl, Clubb, Berger, Arnold, Consul General Gauss, Butrick, Vyse, A. Viola Smith, Hall, Lamont, Rowe. Second row: Howard, Burnell, Naylor, Crone, Wy, Sawyer, Byrd, Clark, Barnes, Francis, Rodgers, Tandy, Dimitriades, Williams, Brown, Collins, Pease, Arguello, Cavender, Mertsky. Third row: Tung, Chou, Jao, Chen, Lee, Foo, McFayden, McAllister, Mulliner, Lynch, Najar Singh, Milka Singh, Chanan Singh, Chen, Hsu, Tsang, Kiang, Tung. Fourth row: See, Tung, Doodha, Milton, Dong, Yu, Kiang, Loh, Hsieh, Loh, Li, Shu, Chow, Yang, Liu, Lin, Mei, Chu, Chao, Siao. Back row: Chang, Chu, Cheng, Ying, Ku, Chang, Wang, Ying, Chang, Yang, Wang, Feng, Lee, Wu, Chen, Chen, Tung.

THE WAR IN CARTOONS

"John Bull Will See It Through"

Kansas City Star

On Guard Alone

London Daily Express

Il Duce Acts With Clear Conscience

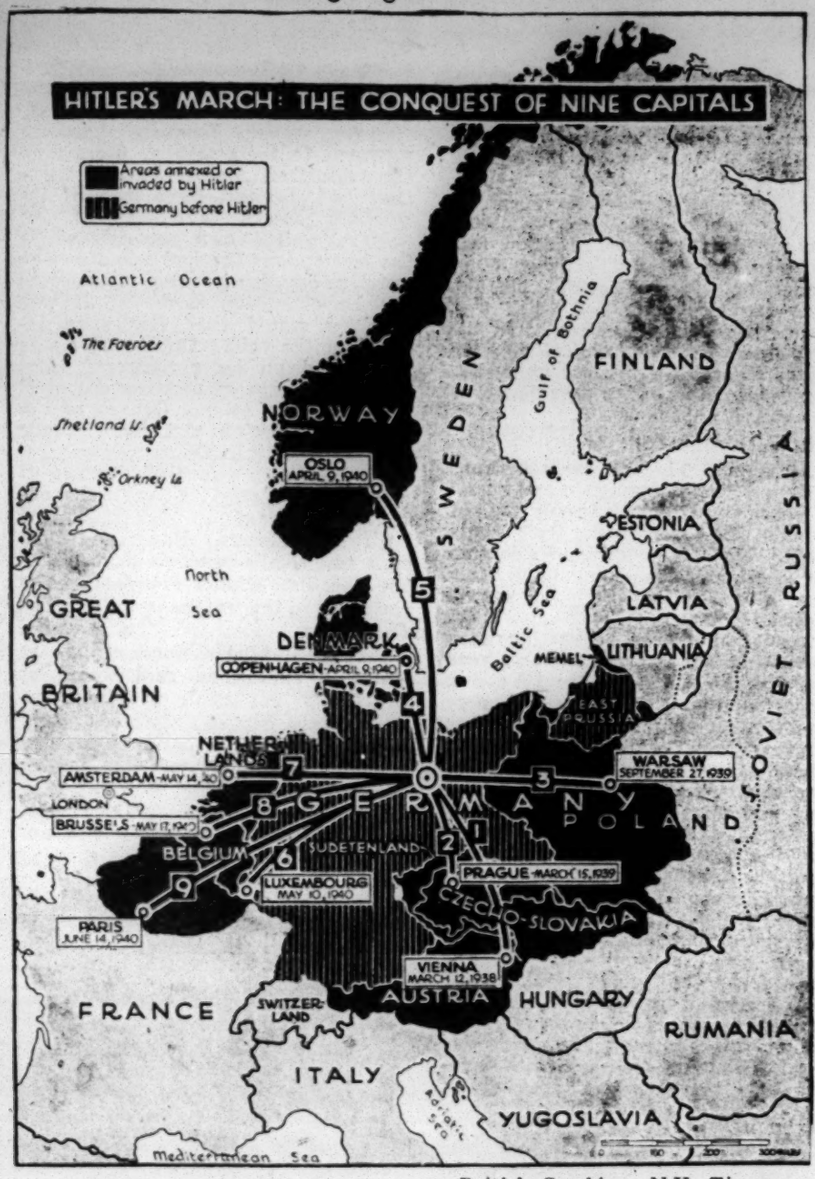
Milwaukee Journal

Statements and Deeds

I HAVE NO INTEREST IN THE WESTERN HEMISPHERE!
THE 5TH COLUMN IS FANTASTIC IMAGINATION
IT HAS NEVER BEEN MY AIM TO DESTROY THE BRITISH EMPIRE
MEIN
KAMPF

Portland Oregonian

Flourishing Sign of the Swastika



British Combine—N.Y. Times

Another Horse Joins the Race

New York Times Magazine

No longer does the war horse have the field to himself on the European continent. He has been joined by the food horse, typifying widespread famine.

The Russian Sphinx

Il Travaso, Rome

Foreign Correspondence

This little country is tense tonight as it awaits—
This little country is still very tense...
This little country is now past tense.

Herblock in St. Paul Dispatch

Chinese Say Taierhchwang Retaken; Nippon Planes Attack Chungking

TAIERHCHWANG, southern Shantung town made famous in the spring of 1938 as the scene of a major Chinese victory over the Japanese, was last week reported by Chungking to have been recaptured late in July. Chinese troops took the town after first cutting road and rail communications in the vicinity. Japanese reinforcements advanced from Hsuchow on August 3 and are at present engaged in a grim effort to oust the Chinese. Since the Japanese had at the time of this writing issued no official denials, their loss of the town may be considered a fact. It is interesting to note that Taierhchwang is in a section of the country well garrisoned by Japanese troops and must have been occupied by Chinese guerrilla forces filtering through the Japanese lines.

Another scene of severe fighting last week was the vicinity of Lungchow, in southern Kwangsi near the French Indo-China border, where according to Chungking report, Chinese troops recaptured the towns of Hsiatung and Lotien. Pingerkwan pass was also said to have been retaken from the Japanese who are now in retreat towards the Li River. In the neighborhood of Canton, too, Chinese troops were fighting last week. They had torn up the Shektan-Tsengshing highway and were closing in on Tsengshing, Japanese garrison town east of Canton, at the beginning of this week.

A *Domei* report from south China claimed that Japanese army bombers conducted raids on the Chinese army bases of Enlung and Leiping on August 16. The two towns are 150 kilometers northwest and west of Nanning, respectively.

Expedition to Shansi

The *National Herald*, Chungking organ, announced on August 18 that 10 divisions of Chinese troops stationed near Tungkwan have been sent to Shansi where serious fighting is now in progress at Fenglintu, important crossing of the Yellow River. According to Chungking, Chinese troops have taken the Shansi city of Tungyangcheng.

An interesting Japanese report was issued on August 15 to the effect that the Chinese National Army is "at daggers drawn" with the new Communist Army of Shansi. Members of the latter, according to the Japanese, recently murdered General Wang Ching-kuo, Commander-in-Chief of the National 13th Group Army. It will be recalled that Japanese forces, estimated at 250,000 strong, have in recent months been combing the hilly countryside of Shansi in an attempt to eradicate the 7,000-odd members of the Communist Army, which has not only given the Japanese the slip but has inflicted severe losses on them through guerrilla tactics.

In the matter of aerial bombing the Japanese were able to claim complete victory last week. Their first triumph came on August 16 when the small refugee-evacuation center, Luchow, situated on the Yangtsze 100 miles above Chungking, was bombed and razed to the ground. Following a raid on the town earlier in the month, 1,000 corpses were found among the ruins. Luchow was the terminus of the railway from Tzeliutsing. It was learned on the same day this raid took place that seven large bombs had landed in the compound of the hospital of the United Church for Canada at Tzeliutsing when Japanese raiders flew over the mission on August 12.

Salt Wells Bombed

On August 17 Japanese squadrons flew over Tzeliutsing again and bombed the salt wells which supply four of China's provinces with their daily needs. Two other towns, Fushun to the south and Yangchang to the east were also bombed. Both towns are highway points.

One of the most harrassing days Chungking has experienced this year was August 18, when for 15 hours, from noon till 3 a.m. Japanese bombing squadrons in eight batches made sporadic raids on the capital. Towards evening of that day, after several groups of the raiders had come and gone, the weather worsened, leading to the belief that the enemy would not put in an appearance again until the following day. At 11 p.m. lanterns were hung at the principal alarm posts, indicating the danger was over. But one hour later the alarm was sounded when it was learned that 54 bombers had crossed the Szechwan border, headed for Chungking. Due to bad weather the raiders failed to reach their objective and contented themselves with boming Wanhsien below Chungking on the Yangtsze. When the all clear signal was given shortly after midnight, people began leaving the shelters for their homes only to be recalled when the alarm sounded at 1 a.m. A brilliant moon had succeeded to earlier cloudy weather. The raiders appeared at 2.15 a.m. dropping incendiary bombs which started several fires in the business section of the city. This was the first moonlight raid over Chungking since April. The all-clear was sounded at 3 a.m.

Worst Attack of Year

A Japanese report on the day of this raid claimed the destruction of five out of nine Chinese planes on their way to attack Japanese-held Ichang that morning.

One hundred Japanese bombers attacked the capital of free China on August 19 leaving behind them a conflagration one mile in length raging within the walled city. Mayor D. C. Wu described the attack as the "worst yet." At least 10,000 houses, shacks and straw huts were in flames, according to the *United Press*, burning over an area 15 streets square. Foreign property within this area included the Institutional Church of the Methodist Mission. The offices of all foreign news agencies were wrecked or partially destroyed. More bombs were dropped on a modern suburb of the city where the Press Hostel was evidently made the center of an attack as more than 20 missiles were dropped within 100 meters of the building.

Seventy-seven Japanese bombers returned to their task of destroying Chungking on August 20 and when they had dropped their load of incendiary bombs four-fifths of the ancient walled city through which the tremendous fire had raged on the previous day, lay in ruins. Thousands are homeless now, although it was officially stated that few were injured in the raid. One bomber was brought down by anti-aircraft fire. Among foreign properties damaged were the Institutional Church of the Methodist Mission and the Catholic Mission Hospital. Other foreign property suffered extensive damage it was learned later. Fires broke out in the buildings of Butterfield and Swire and Messrs. Barry and Dodwell and bombs practically destroyed the Canadian Mission Hospital, one of the finest in the wartime capital. The Chungking office of the hospital reported U.S.$25,000 worth of damage which a spokesman said would be practically impossible to repair because of the impossibility of obtaining building materials or equipment at present. Buildings of the Quaker Mission, the Canadian Women's Missionary Society, the Canadian Church and Day-School were demolished and the Y.M.C.A. was hit again by a bomb.

Rainy weather will not depress you, hot weather will not tire you, if you keep cheerful and fit. A dose of Pinkettes, taken when needed, ensures regularity of the daily habit which is the first essential in the preservation of good health.

Pinkettes are tiny laxative pills which gently assist nature to keep the stomach clean and digestive organs in good order. Pinkettes dispel constipation, banish biliousness, correct liverishness and keep the system cool and clean. Obtainable at all chemists.

PINKETTES

Keep you cheery and well.

Kuomintang Session

Chiang Assails Japanese Monroe Doctrine in Closing Speech

Editor's Note:—Following is a translation of the full text of the speech delivered by Gen. Chiang Kai-shek at the final meeting of the Seventh Plenary Session of the Central Executive and Central Supervisory Committees of the Kuomintang in Chungking on July 8.

WE are now arrived at the closing ceremony of this Session. For eight days past all of you present have worked under the great summer heat and in defiance of the enemy's constant raiding attacks, and have brought the Session to a satisfactory conclusion, despite all difficulties. Any obstacle in our way can be surmounted if faced with such a spirit, I believe. My convinction that our revolutionary task of war and reconstruction will be successfully accomplished as we have expected is further fortified. On this occasion there has been an extraordinary degree of enthusiasm among you here; the Session, too, has been prolonged beyond the usual period.

Apart from the daily main sittings, various committees have carefully examined particular problems. You have devoted your whole time each day to the work of the Session. Every proposal has been given your concentrated powers of mind and discussed in the light of all your knowledge and experience before being reduced to a concrete resolution. In the quality of the spirit displayed and of the result achieved, this Session may be said to be superior to any previous one. The resolutions passed must be put into effect with similar zeal. A manifesto has been issued to express the full mind of the Session. Hence, it calls for no reiteration on my part. I wish now to take advantage of this opportunity and make some remarks on various topics of current importance.

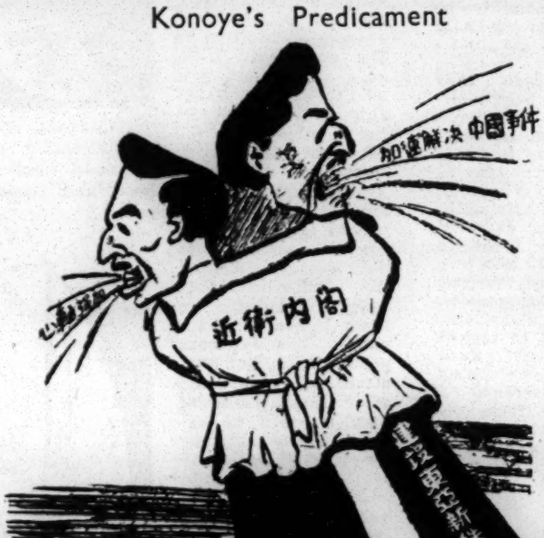
International Situation

First of all, let me give some description of the circumstances in which the war now finds us. Previous to and during the Session, the international situation has undergone many violent changes, which have encouraged Japan to indulge in increasingly extravagant utterances and aggressive gestures in the Pacific. In view of the unusually great attention which you have paid to international problems, let me once again repeat to you my belief that whatever shape international developments may take, our concern must ever remain with our own unyielding and unresting spirit of resistance. If our own mental and moral position has a sound foundation, international changes will bring only benefit and not harm to our cause. Our revolutionary spirit of resistance, being persistent and courageous, is not to be deterred from its set course by favorable or unfavorable turns taken by world affairs. In fact, the present international scene possesses features especially favorable to us, and in closer and closer harmony with the course and the goal we have mapped out and set for our national struggle. Allow me to quote an instance from recent events.

East Asia 'Autonomy'

In Japan a great deal of talk was heard last month of "autonomy for Eastern Asia." Subsequently, Mr. Stephen Early, secretary to President Roosevelt, made a statement on the subject of the Monroe Doctrine. It has been a common practice with the Japanese to press into service catch-phrases and terms current in the world. They do this in order to camouflage their traditional aggressive policy of "conquering China in order to conquer the world," as embodied in the Tanaka Memorial. Since the time of the Mukden outrage, the term "Asia for the Asiatics" has been constantly on Japanese lips. Even the phrase "Asiatic Monroe Doctrine" has now made its

Konoye's Predicament



Cartoon from Chungking newspaper shows Prince Konoye, new Premier of Japan, demanding on the one hand, "Settle the China Incident," and on the other, "Strengthen our relations with the Axis Powers."

appearance in Japanese propaganda publications. The motive for the use of these expressions has been simply and solely to expel European and American influence—conceived as an obstacle to Japanese aggression in China and elsewhere in Asia. It is particularly America, with her policy of non-recognition and rigid observance of the Nine-Power Pact, that the coiners of these slogans have in mind. If the American continent has its Monroe Doctrine, why should not Asia have the like, with Japan as its proponent? the Japanese suggest.

Of late, following the abrupt transformations in the European scene, the Japanese have become mere menacing in their attitude toward the Dutch East Indies, French Indo-China, and other areas in the South Seas. The latter part of June, immense publicity was given to a reported intention of the Japanese government to publish a statement on a so-called "Asiatic Monroe Doctrine." Then, on June 29, following a meeting of the inner cabinet of four ministers, Arita at last came out with an informal broadcast address in which he made bold to suggest a sort of Japanese proprietorship over Eastern Asia. In reference to China and the South Seas, he held Japanese must regard these areas as "subject to regional division for purposes of co-existence." He went so far as to claim for Japan the title of "Stabilizing force in Eastern Asia". He added that he was expressing a conception already current in Europe and America.

Mass of Claptrap

The whole of Arita's address is a mass of claptrap of which the only perceptible content is a fresh apology for the "New Order in East Asia," so long dinned in the world's ears to its infinite disgust. The Japanese Foreign Minister showed himself utterly oblivious of the peculiar circumstances of time and place under which the original Monroe Doctrine came into being and of its essence. The American Monroe Doctrine was the product of a specific period of one hundred years ago. The United States possessed the necessary qualifications for assuming leadership over the other nations of the American Continent, being prepared to treat them on terms of equality and cultivate with them relations of peace and mutual assistance. The doctrine proved lastingly practicable on this account. What is the present period? What kind of a country is Japan? In particular, stances in Asia at what are the circumpresent and the geographical features of the continent? Completely ignoring such important factors as history, culture, population and race, the Japanese believe that they can create a Monroe Doctrine at random. They do not realize that the success of the United States' Monroe Doctrine has been due to the fact that its spirit fulfills a need on the part of the various free and independent states concerned as a means to mutual assistance and self-defense. It was no product of armed force and aggression. In modern times, at all events, the permanent establishment of world peace requires conceptions extending beyond broader, truly equal, rational and efficacious organization for collective security among all the nations of the world.

China The Stabilizer

In respect to Asia, only China with her predominantly ancient civilization, with her great population and area, and with her historically close relations with the other countries of Asia, could constitute the stabilizing influence in Asia. She would proceed on the basis of her traditional moral conceptions and of the Three People's Principles to work together with all other nations in the interests of general progress in any way conducive to peace in Asia and the world.

Japan, for her part, is today a nation wholly given up to force and aggression, devoid of good faith and principled conduct. She became long ago an object of disgust and contempt for the nations of Asia. In any discussion of the terms "Asiatic autonomy" and "Asiatic Monroe Doctrine" it must be realized that Asia is to be distinguished from other continents for its own peculiar and characteristic culture. It has, too, its complex and intimate geographical relations with other countries of the world. To the north, there is Soviet Russia stretching over both the European and Asiatic continents; in the Pacific and Indian oceans, relations between the various areas render Asia

connected not only with Europe but with the Eastern and Western Hemispheres alike. All these are factors of which Japan takes no account in claiming to be an arbiter of Asiatic affairs. Dispensing for the moment with moral and cultural considerations, and speaking of military prowess only, it is problematical whether Japan has ever made an estimate of her real strength. Nor is it known whether she has sat down and pondered over all the relevant facts. What makes her think that she is fit to talk of an "Asiatic Monroe Doctrine?"

The White House Statement

Following upon the broadcast made by Arita, came the statement made by President Roosevelt's secretary on July 6 to the effect that the American government would like to see "a Monroe Doctrine applied for each continent and each part of the world." This was taken by the short-sighted Japanese as a response to the Arita statement. The actual meaning is to be found in Mr. Early's words: "There should be applications of the Monroe Doctrine in Europe and Asia similar to its interpretation and application for this hemisphere." In other words, they should be based on mutual help, self-defense, equality and independence among the nations concerned. A careful study of the statement as a whole reveals its center of interest to be rather in the settlement of the European conflict and in the problems arising in connection with the status of defeated nations' possessions in the American continent. Insofar as Asia was referred to, Mr. Early was clearly voicing opposition to Japan's armed oppression on other nations and to all manifestations of Japanese aggression. In regard to French Indo-China, a straightforward appeal was made by him for its status to be agreed upon by a conference of all Asiatic countries. So far from recognizing any Japanese right to control Indo-China, the American attitude is plainly one of absolute opposition to Japan's unilateral application of force to work her will there.

Must Not Abandon

It is apparent to all that America must not abandon her traditional policy and attitude in the Far East. She is a promoter of the Nine-Power Pact; her respect for other nations' independence and her belief in the "Open Door" policy are her chief reasons for opposition to the armed aggression and monopolistic ambitions of Japan. Her recent measures of armaments expansion and increased military form a guarantee of her security and give weight to her words in the affairs both of the West and the East. Historically, America may be more intimately bound up with European affairs than with Asiatic; in point of the present and future, however, the United States is obliged to view Asia with more concern than Europe. Japan is well aware of this and finds it disconcerting food for thought.

This is merely the mention of one recent example of the diplomatic ineptitude of the Japanese. We, for our part, have secured increased assistance; since the problems of China are those of Asia and have their bearing upon the well-being of the whole world, there is scarcely a single country that does not hope for our victory. A glance at the glowing and emphatic terms in which Soviet Russian newspapers and those of many other countries described our Seventh of July anniversary tells one how much the world appreciates the value of our three years of resistance.

I wish, however, to remind you that international sympathy can best and chiefly be attracted to our cause only by the energy we ourselves show in it. Dependence upon others would but disqualify China from their assistance. The nations that during the last ten years or so have achieved their rehabilitation have all done so by their own self-reliant and energetic efforts to master unfavorable elements in their environment. In the absence of such a spirit, the finest inherited qualities or the greatest natural wealth of resources can avail a nation nothing. No self- reliant nation can exist with reliance on external help alone. In studying the world situation, we should pay particular attention to such points and be benefitted thereby in our own struggle.

Japan's Diplomatic Bankruptcy

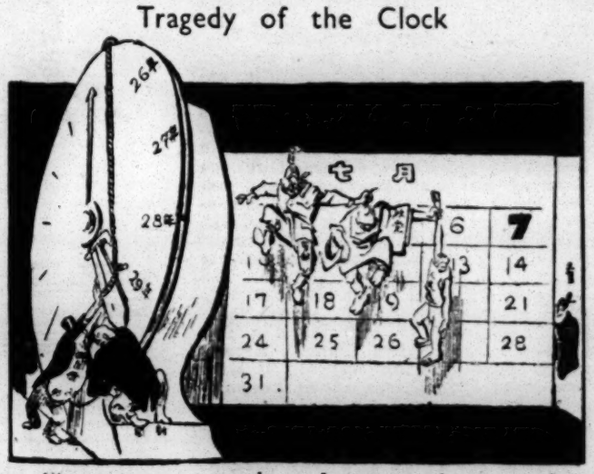
I have gone at length into the enemy's diplomatic, military, political and economic condition in the documents I issued on the occasion of the Seventh of July anniversary. At the moment, the Japanese are in a state of diplomatic bankruptcy; no one any longer pays much regard either to their blandishments or to their threats. Among the difficulties that weigh heaviest on them is that of manpower. The Japanese population is but one-sixth of ours, and after three years of war, a state of extreme embarrassment for lack of men has overtaken them. In addition, there have been endless natural calamities and mounting human sufferings in Japan. The Japanese are entering upon the final stage of their collapse; their thinking now of extending their activities to Indo-China and the South Seas shows only a gross overestimation of themselves. We may say that even if they should succeed in occupying Indo-China and the South Seas, it would only increase their troubles. It would be like digging graves to hasten their own destruction.

It has been particularly gratifying to me to see all of you work persistently and at high tension for eight successive days in complete disregard of the the sweltering summer heat and repeated enemy bombings. This spirit forecasts our inevitable victory. It behooves a revolutionary party like ours to have such a spirit. At three o'clock this afternoon Japanese planes dropped a number of heavy bombs around this place. An hour later, we gathered again at the same

Konoye Also A Puppet

Cartoon by Chungking artist shows Prince Konoye, new Premier of Japan, standing in the boots of the Japanese warlord, shouting the military slogans, "Settle the China Incident," and "Establish the New Order in Asia."

Tragedy of the Clock



Chungking cartoon shows Japanese cabinet members trying to turn back the clock, the figures on the dial symbolizing years of the Chinese Republic. On the right is a calendar emphasizing July 7, the date of the outbreak of the war at Peiping three years ago. Hanging from the calendar are figures representing the Japanese military, party members and the people.

Creating A New Cabinet

Chungking cartoonist shows the hand of the Japanese militarist holding a rubber stamp, with which he is creating a new cabinet. The stamp on the left is Konoye, followed by Hiranuma, Abe and Yonai, while the militarist is preparing to make another "stamp" for Konoye.

place to carry on with our program. Not a single member was absent. This constitutes another proof of our soaring revolutionary fervor in the midst of difficulties.

China Still Uncoerced

More than two months have elapsed since the Japanese resumed their extensive indiscriminate bombings. Though subjected to such a brutal menace, our people remain uncoerced. Instead, they are calm and industrious, carrying on their usual activities as if nothing untoward has happened. No one can help being moved at seeing children and youngsters singing war songs, rendering service and waiting on their parents and elders in the air-raid shelters. The courage, calmness and willingness to undergo hardships on the part of our people should be a source of encouragement to us all.

One thing is evident. This determination to see the war through, despite heavy casualties both in our armed faces and among the civilians during the last three years, is due to our **Tsungli's** teachings. It also goes to show that our Three People's Principles have taken a deep root in the people's heart. Meanwhile, it explains the increasing solidarity between the government and the people. The existence of these great revolutionary principles and such an excellent national spirit should serve as a stimulus for greater efforts on our part, so as to make ourselves worthy of our **Tsungli** and the entire nation. We must all realize that three years of sanguinary warfare has greatly enhanced our self-confidence. If it should be impossible for such a hard-working and hard-fighting nation as ours to continue its independent existence, then not a single nation in the world is fit to be independent, nay, even to exist at all. Having familiarized ourselves with the enemy's and our own conditions, we gain a new insight into our increasing strength as the war goes on, and a new faith in our eventual victory.

Meanwhile, it should be remembered that though the present situation is favorable to our resistance, we must constantly prepare for the emergence of a most serious and most difficult period. As in other human endeavors, our task of revolution and reconstruction will be confronted with more and more exacting demands as it draws nearer and nearer to a successful conclusion. Steel of high quality can be produced only by purifying heat of great intensity; so it is with nations. Similarly, victory and national rejuvenation can only follow unprecedented hardships. Likewise, the light of day is preceded by a period of deeper darkness than the foregoing hours of night. Therefore it would be incorrect to conclude that since no unusual difficulties have arisen during the first three years of our resistance, none will arise in the future. On the contrary, in order to attain our goal we must strive harder and be ready to overcome all obstacles that may confront us.

Three People's Principles

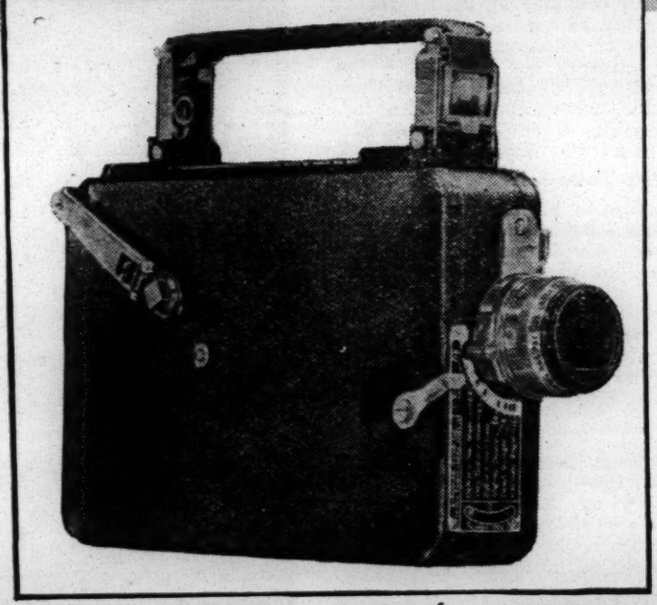
Resistance is being made with strength derived from the Three People's Principles. Our Party is charged with so great a measure of the responsibility for leading the nation that everyone of you should regard the life of the Party as your own, determined personally to share in its rise or fall, putting your own individual life and death, honor and dishonor, happiness and misery at the disposal of the Party, obeying all orders and upholding the discipline of the Party. So long as we can do this, our nation will surely remain free and independent, and our resistance will surely be rewarded with triumph.

All of you, especially those who have left your important Party, political and military duties in distant places to attend the session, will now return to your respective posts popularizing the spirit displayed and enforcing the important resolutions adopted at this Session—at the front, in the rear and in all areas of the land. You will inspire all Party members, stimulate your subordinates and guide all fellow-countrymen towards single-hearted devotion to their revolutionary and war work. A solid foundation for victory has already been laid during the last three years. We must constantly keep in mind the loyalty and bravery of our war martyrs, as well as the heavy responsibility resting on our shoulders. Intensify our struggle, for light and victory are now in sight. It is hoped that all our comrades in the Party and all our people as a whole will strive together and will stop at no sacrifices. Thus, the aims of our revolution—reconstruction, and the realization of the Three People's Principles—will be achieved.

M-G-M Film Company is Banned from Germany

The German Government has banned from Reich territory moving pictures produced by the Metro-Goldwyn-Mayer Film Company, *Transocean* announced August 20. The American firm has been ordered to withdraw from the market all its films of American origin, irrespective of contracts entered upon. The order was issued owing to the production of films, hostile to Germany, in which M-G-M had an interest.

MOVIE MAKING WITH THE "Thumbs" left out



MAGAZINE CINÉ-KODAK

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Magazine Cine-Kodak loads with 50-ft. magazines of Kodachrome, the full-color film, as well as Super-XX, the high-speed film, and Super-X, the fine-grain film. You may switch from one film to another, by the way, instantly and without the loss of a single frame.

EASTMAN KODAK COMPANY

185 Yuen Ming Yuen Road, Shanghai.

Tinghai a Big Smuggling Center Under Japanese Army Occupation

BY T. Y. FONG

IT took the Japanese two years after they invaded China to decide that the Chusan Islands, guarding the approach to Shanghai, were worth seizing. Nominally the islands were occupied in two days and after that it was only a few months before they became the center of a gigantic smuggling trade with the small free China ports from Ningpo south. Today, the beaches fronting on Tinghai port are crowded with packing cases marked "made in Japan."

The Chusan archipelago has great potential economic value, situated as it is right opposite Ningpo at the mouth of Hangchow Bay. At least the British have always thought so. The largest of the 100 islands, Chusan itself, is only 20 miles long. And on it is the capital, Tinghai, where in 1700 the Honourable East India Company established a factory. Once in 1840 and once just after the Opium War ended in 1842, the islands were occupied by British forces which returned again in 1860. But advocates of Hongkong as the great British entrepot for trade in China won, and even on the coast of Central China, where they are situated, the Chusans were quickly outdistanced as a trade center, by Shanghai.

Japanese Take City

Forgotten by all but a few missionaries, the islands and their 400,000 souls suddenly loomed large to the Japanese last year. On June 23 the gunboats and airbombers of Nippon appeared before and above the ancient walls of Tinghai and pummelled them mercilessly, while the inhabitants of the city, caught unawares, streamed out to the country villages and to the two missions. Chinese guerrilla units watched unscathed from their wooded hillsides.

What the Japanese found at Tinghai when they landed was a sleepy port visited infrequently by small coast steamers and backed by an agricultural hinterland capable of supplying rice sufficient to feed the islands only four months of each year. Where the Japanese found a feudal atmosphere revolving round the family and the village, a strong spirit of Chinese nationalism has bloomed in the 14 months during which the Chusanites have felt the conqueror's boot, have had their property stolen, have seen their kinsmen slain and have been forced to stand passively by as previously little-known vices were forced on the islands to fill the invaders' coffers. Thus far the Japanese have been able to occupy only three points in the islands: Tinghai; Sunkiamen, a port on a southern island and another smuggling center; and Dan San Island.

Amenities For Soldiers

The attack on the Chusans coincided with the Japanese blockade of the British Concession in Tientsin. Throwing an illuminating ray on the anti-British attitude which was even then current in the Japanese Army, a relevant incident occurred outside Tinghai's beleaguered walls. It was at the Roman Catholic Tinghai Orphanage and Hospice for the Poor, of the Sisters of Charity.

The first Japanese troops were entering the port. Hoping to instil a sense of decency in the Japanese soldiers before they could have a chance of looting, the English Sisters of the Hospice laid out a table with pots of tea and steaming hot cloths. All soldiers passing along the dusty road to the city gates were invited to stop and refresh themselves. Among those who did so were two young lieutenants. They sat on the Hospice steps and counted the field guns rumbling by.

Suddenly one turned to a Sister and asked, "Where are all the Englishmen in this English city?" The Sister smiled, shook her head and pointed to another Sister. Said she: "There are no Englishmen on this island and only two English Sisters of Charity."

The young officer frowned: "No," he answered, "Not you the Sisters, but the Englishmen in this English colony." The sister told him it was no English colony but only a little Chinese island with four or five foreigners, two English and some French in the Mission.

For a long time after the Japanese had occupied the city the inhabitants remained in their country hideouts. The Catholic Mission was crowded with as many as 1,000 women and children who had to be fed for days on a dwindling supply of rice which was only twice replenished when the courageous Sisters ventured through the streets to break open hoarded supplies of wealthy refugees who in a moment of terror and repentance had given permission. Even today the Mission cares for about 600 refugees. Everywhere in the first days of occupation the poor little shops of the city gave evidence of looting by the Japanese soldiery. The streets were empty of Chinese.

Breakdown in Routine Life

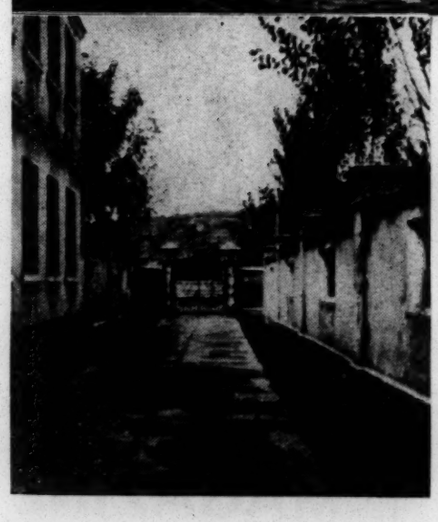
The Japanese occupation has brought a general breakdown in every branch of ordinary civilian life. Education in the Mission schools, the Catholic and the American Northern Baptist Foreign Mission Society has practically ceased because for one thing the refugee work is all engrossing and there is little time to teach. For another, the inhabitants stay away from the Japanese center as much as possible. The port is like a dead place, streets of closed doors and shops. Some people have come back to their houses but the many regulations, passes, photographs and injections required by the Japanese frighten them and they slip away again.

The Japanese have encouraged opium-smoking where they could. Prostitution is conducted for the purpose of collecting taxes to support the puppet government which runs the city's official machinery. Robbery and assassination are daily occurrences. Several puppet officials have been murdered. The Bank of Communications building in Tinghai has been made over into a public opium-smoking house and the Bank of China is now a house of prostitutes.

But without the city walls no Japanese dares show his head. On April 29 of this year guerrillas attacked the Japanese guard at the very gates of the city.

Commercially the islands are amply repaying the Japanese, despite the tenuous grip they hold at three spots. Tinghai and Sunkiamen have mushroomed overnight due to the trade in smuggled goods which free China, deprived of manufactures, needs so badly.

Missionary Haven in Tinghai



Baptist Middle School, Tinghai, Chusan Island. The Japanese authorities prevented the caretaker from flying the American flag over the property, which is American-owned.

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Shanghai Political Terror Reaches Unprecedented Peak of Intensity

THE phrase "political terror" has become so commonplace in Shanghai within recent weeks that its use arouses almost a negative irritational reaction. Yet this terror is increasing in intensity as both puppet and patriotic Chinese political organizations are making a supreme effort to break down the morale of adherants to the other side—and at the same time trying to preserve that of their own people. Whereas a month ago most political killings and kidnappings in the city were seemingly carried out by Wang Ching-wei organs, the pro-Chungking groups are today taking a full measure of reprisals to match their own losses. Out of five unquestionably political shootings over the past week, two of the victims were on Nanking's black list while three were Nanking agents.

Kidnapping and Murder

During the same period, there were four kidnappings of prominent Chinese businessmen, one attempted kidnapping and the report of a man who had been missing under mysterious circumstances since August 11. Gunmen murdered three other Chinese for unknown reasons, possibly non-political. Finally, there was a belated report last Sunday that Chen Chin-shien, head of the puppet municipal government of Tachang near Kiangwan (north of Shanghai) had been assassinated on August 9, anniversary of the outbreak of the Shanghai hostilities.

Aside from the murders, the kidnappings, which form a large part of Nanking terrorist tactics were partially explained in Shanghai police circles by the fact that Nanking is in sore need of experts, both business and technical, and is willing to forget the past if the kidnap victim will do likewise and show his willingness to cooperate in the future. This theory is backed by the evidence that kidnapped patriots are liable to become just as ardently in favor of "peace and reconstruction" as they previously were in favor of resisting the invader.

The Victims Repent

On August 15, the Nanking *Central Press Service* released a report that four Chinese recently "arrested" in the Shanghai foreign concessions by Nanking thugs, have since expressed "deep penitence" for their anti-Japanese attitude in the Sino-Japanese war, and full confidence in the peace policy of Wang's regime. The four in question, Shih Shun-yuen, Chang Mu-min, Tsui Pu-wu and Chow Hsiao-pai, have increased the literature of China by four little essays proclaiming the necessity of the "peace movement" of Wang Ching-wei, according to the agency. Another similar case is that of Hu Shi-yuan, Chinese businessman who disappeared August 11 after having received a letter asking him to "do business somewhere else." According to the *National Herald*, Hu had recently received a request to furnish the capital for a bank "at a certain place," probably Nanking.

The possibility that there would be an early influx of Chungking terrorists into Shanghai was predicted this week by the *Tairiku Shimpo*, Japanese army organ, which declared the purpose of the terrorists would be to foment trouble between the Japanese and the Americans and British. The paper hastened to be first to call the kettle black, by warning that the activities of the future gunmen would be concentrated on leading British and American nationals in Shanghai.

The discovery of a Chungking terrorist organization operating in Nanking was reported on August 20 by *Domei*. It was stated that the 13 members of the group had entered the Wang Ching-wei capital shortly after the inauguration of the puppet regime last spring, and had been attempting to organize Chungking sympathizers into a branch of the Kuomintang. The group was alleged to be in close communication with terror organizations in Shanghai.

Puppets Accuse Chungking

In an evident attempt to shift blame for part of the local political crimes to the Chungking Government, *Domei* circulated a purely conjectural report on August 16, accusing Chungking of the murder of Chang Hsiao-lin, Counsellor of the French Municipal Council who, the Japanese agency claimed, had recently approached the Nanking authorities with a view to going over to them. Without giving any authority, the agency declared that political rather than personal motives had activated Chang's murderer. The murder trial in the Second Special District Court on August 17 brought to light the fact that Lin Kwei-pu, the murderer and a former bodyguard of the dead man, had shot his victim on purely personal grounds.

A Week's Record

A list of the week's crimes follows:

August 15 (reported August 17): Wang Nan-juo and Shen Ling-chuen,

both well-to-do, kidnapped from their quarters in the Oriental Hotel by a gang of six men.

Unidentified Chinese kidnapped while walking along Yinhwaka Road by a car full of men.

August 17: Koo Jie-chung, chief reporter of the *Sin Wan Pao* (Chungking journal) and principal of the Min Chi Middle School, shot in the neck by an unidentified assassin. Expected to recover. Koo was on the Nanking black list.

Chen Chung-fu, employee of the Asiatic Petroleum Company, wounded by gunman who, it is believed, tried to extort money. Gunman captured.

Unidentified youth shot and killed by unknown assailants while walking on Shanhaikwan Road.

August 18: Chen Chin-chong, assistant news editor of the *Ta Mei Wan Pao* (Chinese edition of the *Shanghai Evening Post and Mercury*) shot down by two gunmen while leaving his home for his office. Chen was on the Nanking black list. He died on August 21.

Liang Chiang-hai, member of the Nanking regime's East Asia Anti-Commintern League, attacked by three gunmen in Ta Tao territory. Not expected to live.

An unidentified but evidently wealthy Chinese was kidnapped from the Paramount ballroom as hundreds of people looked on.

Victim Escapes

Chen Yen-lin, manager of a Chinese firm, was kidnapped from his office by five men. Driven off in a sedan car, Chen made a daring bid for liberty by suddenly opening the door of the vehicle as it neared a police post. He was shot through the leg by his abductors but these were finally rounded up after a stiff gun battle with police.

Chen Kung-liang, intelligence officer of the Nanking regime, was shot while lying in his bed, by four gunmen who forced their way into his house. He later died.

August 19: Chang Han-yuen, member of a Nanking regime organization in Shanghai, shot while walking on Bubbling Well Road. Condition critical.

Gas Company Strike Settled by Police

The month-long strike of 600 Shanghai Gas Company employees ended August 17, one day after the Special Branch of the Shanghai Municipal Police had intervened in a mediating capacity. The strike was called late in July as a protest against the arbitrary dismissal of several of the utility company's workers. Officials of the company emphasized throughout the protracted negotiations, which were carried on at different times by the Industrial Section of the Shanghai Municipal Council and by Yu Ya-ching, S.M.C. Councillor, that a raise in wages or rice allowance were not points in dispute.

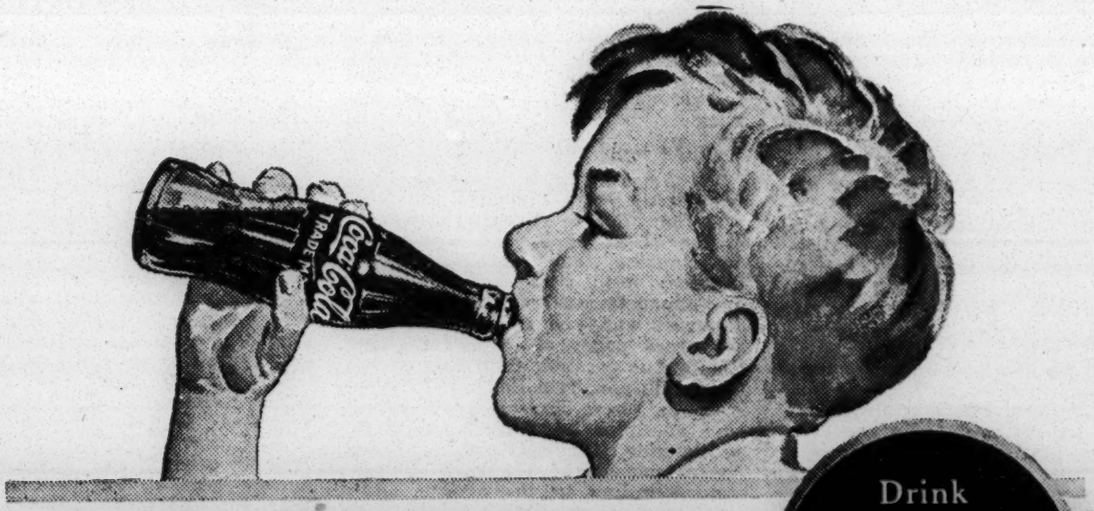
The settlement of the strike found the employees with greater losses than gains. The dismissed employees were reinstated, with the exception of several of the leaders. However, a group of 200 Russian and German-Jewish strike-breakers who had been employed by the Company as an emergency measure to keep its services going, had been given a good training and a number of them have been retained to form the basis of some future strike-breaking group if and when needed. The strikers did not receive any raise in pay or rice allowances. The Company did agree to pay a full month's wages for the July period in which the strikers were out, but refused to pay any wages for the two and one-half weeks of August.

During the first week of the strike the supply of gas furnished by the company ran low and the foreign clerical staff was drafted to keep the machinery running. The 150 Russian and 50 German-Jewish strike-breakers were hired at the beginning of the second week. Thenceforth the gas supply in the city was said to be ample. When the S.M.C. Industrial Section and Yu Ya-ching both failed in their mediation attempts, the Nanking regime's Social Welfare Bureau called on the management with offers of mediation, but their services were declined.

On the day preceeding settlement of the strike, the *Shanghai Mainichi* predicted that the Shanghai Gas Company would be severely hit by the formation of a new Japanese-sponsored firm which is to start functioning in the Kiangwan Civic Center district next year. The paper said the new plant would be capitalized at Yen 3,000,000 and would aid in the building of a new residential district in Greater Shanghai.

Canal Across Isthmus Cuts Gibraltar from Spain

A deep canal is being blasted by the British across the isthmus which connects Gibraltar with Spain a *Havas* dispatch from La Linea, on the Spanish side, reported on August 18. The rumor of imminent Spanish participation in the war as an ally of the Axis Powers seems borne out by the British attempt to make "The Rock" impregnable from the landward as well as from the seaward side.



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Frenchmen in China Told Not to Talk

Frenchmen living in Shanghai have lost one of the prized rights guaranteed them since the French Revolution. According to a decree of the French Ambassador to China, M. Henri Cosme, issued on Aug. 16, Frenchmen must profess blind loyalty to the totalitarian government of Vichy and cease discussing politics.

The envoy ordered instant dismissal of all French officials "attempting to prejudice the interests of the national defense, particularly in spreading propaganda incompatible with the unity of Frenchmen, respect for the government and obedience to law, orders and regulations." The complete text of the order follows:

"All Frenchmen have freedom to express their regrets and hopes. Their loyalty, nevertheless, should neither waver nor be divided, for France has but one Government. Its power has been conferred upon it legally by the National Assembly in the form provided for by the Constitution of 1875. Since arms have been laid down, all verbal warfare is in vain and may only prove disastrous for the Frenchmen who live in France. In order that people may abstain from doing this, we appeal to the unity, reserve, dignity of Frenchmen in China.

Officials Warned

"As for the officials of the French Concessions in China, their most precise obligations have been determined and sanctioned by the first article of the Order of April 9, 1940, which is as follows:

"During the duration of hostilities, every official, employee, agent of an administration, public service of the State, various departments, communities, as well as services conceded relevant to these collectivities, who engages, within or without his duties, in acts of any nature howsoever susceptible of assisting the propaganda of a dissolved party, or generally prejudical to national defence, will be subject to an immediate dismissal, pronounced by the authority under whom the official, employee or agent works.'

"In consequence, and in order to ensure the carrying out of this order in the French Concessions,

"We, Henri Cosme, Ambassador of France to China, Officer of the Legion of Honour, decorated with the Médaille Militaire and the Croix de Guerre, have ordered and prescribed the following:

"Article 1—The dismissal of every official, employee or agent, French or foreign, of the Municipal Services, or the Police, or any other organization of the French Concessions in China, dependent on French authority, and prejudicing, or attempting to prejudice the interests of the national defence, particularly in spreading propaganda incompatible with the unity of Frenchmen, respect for the Government, and obedience to law, orders and regulations.

"Article 2—The Consuls-General and Consuls of France in Shanghai, Tientsin, Hankow, and Canton are charged in their respective districts to put the above order into execution.

"Given in Shanghai on August 16. 1940.

(signed) Henry Cosmé."

Student Relief Body Facing Difficult Year

For more than three years college students in the migrated universities of free China have been battling almost as hard to keep body and soul together as they have to improve their minds. According to the trienniel report of the Chinese National Student Relief Committee, the battle is likely to be accentuated in the coming year.

The Committee sprang from a desperate need. College administrators and secretaries of the Y.M.C.A. and Y.W.C.A. saw in the early days of the war thousands of dazed students reaching blindly to the west, pushed by the patriotic but unoriented urge to aid their country. Many were starving, ill-clothed, stricken with disease, stranded for want of travel funds. Yet they kept going west and the Committee, through donations from friends in China and abroad, was able to nurse the spark of this precious human life by caring for physical needs.

One Chinese out of every 10,000 is a college student, a frighteningly low percentage, the extinction of which might well mean the extinction of intellectual advancement in China for years to come. Out of this number no less than 8,500 have received the Committee's help during the three years. Some $250,000 of Chinese currency has gone to this aid. More is desperately needed. An indication of the intelligence with which the Committee conducts its relief is the fact that only three percent of relief funds have been spent on administration.

Besides the satisfaction of purely bodily needs, the students of free China now feel the lack of libraries and laboratory equipment, lost when their universities evacuated before the Japanese invasion. They lack recreational centers too. Books and equipment would be difficult to import even were there money to buy them with, but there is too little of it. To continue its work, the Committee appeals for funds which may be sent care of the National Y.M.C.A., 131 Museum Road, Shanghai or to the National Committee Y.W.C.A., 133 Yuen Ming Yuen Road, Shanghai.

Two Big Japanese Firms Merge as of September 1

Two famous Japanese business firms, the Mitsui Gomei Kaisha and the Mitsui Bussan Kaisha, will merge into a single organization as of September 1, it was reported by *Domei* on August 16. The new organization will operate under the name of Mitsui Bussan Kaisha. However, three sections of the M.G.K., one dealing with philanthropic donations, one with public welfare and the third in control of high-placed personnel, will remain apart from the new organization and will function as a separate entity under the direction of Mr. Takayuki Mitsui. Mr. Tadaharu Mukai, director of the original M.B.K. will head the new organization, it was announced.

Havas Disclaims Ties With de Gaulle Regime

The semi-official *Havas* news agency of France has categorically disclaimed any connection with the London administration of General Charles de Gaulle, according to a *Domei* dispatch from Vichy on August 14. *Havas* further disclaimed any ties with the de Gaulle news Agency LEF (Liberte, Egalite, Fraternite) which was recently established.

Japanese Writer Predicts Increased Oil Production

By applying coal-mining methods in oil-field production, Japan could quadruple its output of petroleum, a writer in the *Asahi Shimbun* predicted on August 15. He based his view on results already obtained in the Higashiyama oil-fields of the Nippon Petroleum Company.

The system is to sink a shaft deep into the oil-bearing vein and below this into the underlying shale. This last is then extracted like coal. Under ordinary pumping methods, says the writer, from 70 to 80 percent of the oil is left in the area being tapped. Under the new system the oil is extracted from the shale.

Japan Rations Milk And Fruit Consumption

Rationing of fruit and milk is the latest manifestation of Japan's declining standard of living, according to *Havas* reports from Tokyo last week. The cut in milk consumption has been decreed by the Government in order to increase Japan's exports of condensed milk, the report stated. At present Japan ships 300,000 cases of milk abroad each year. It is hoped that the new measure will double this figure. Henceforth, priority in the distribution of milk will be given to infants, undernourished school-children, wounded soldiers and invalids.

The Tokyo Fruit Dealers' Association has decided that the 22nd day of each month will be a day without fruit, the agency announced on August 15. The Association also banned the commercial handling of out-of-season fruits.

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Japan Said Pressing Vital Demands On Thailand as Well as Indo-China

WITH apprehension steadily growing for the fate of French Indo-China, upon whose administration Japan is pressing important demands, the neighboring state of Thailand (Siam) has suddenly loomed into prominence as a result of reports that Japan has submitted four demands to that country and that negotiations with regard thereto are now in progress. The demands presented to Thailand, according to a *Reuter* report from Chungking on Aug. 18, include the right of Japan to establish military, air and naval bases in Thailand, permission for Japan to use the country's railroads, conclusion of a mutual assistance pact between Thailand and Japan, and close cooperation between the armed forces of the two countries.

Thailand Troops Concentrated

A *Domei* report from Hongkong on Aug. 16 quoted Chinese reports to the effect that five divisions of the Thailand army were massing on the border of French Indo-China. This alleged concentration of troops was said to be connected with Thailand claims for the return of territory in the north lost to Indo-China many years ago. A press campaign was reported to be under way in Bangkok, asserting the country's territorial claims.

Thailand's helplessness before Japan was the subject of extensive editorial comment in the *Shun Pao*, leading Chinese daily, on Aug. 19. "In the past few years," the paper wrote, "Thailand has pursued an anti-Chinese and pro-Japanese policy with a view to winning the favor of Japan and safeguarding her own national security. The Thailand Government has suppressed the patriotic activities of Chinese residents and suppressed Chinese schools and newspapers. In spite of her pro-Japanese tendencies, Thailand is now facing the alternative of accepting the Japanese demands or incurring Japan's displeasure by rejecting them. The embarrassing situation in which Thailand is now placed is the fruit of her own anti-Chinese and pro-Japanese policy." The paper concluded its comment by urging the Bangkok government to revise its foreign policy and give full consideration to the significance of China's campaign of resistance.

N.E.I. SAID PLACED ON WARTIME FOOTING

The Netherlands East Indies have been placed on a wartime footing, according to a report which appeared Aug. 17 in the "Straits Times" of Singapore. Volunteers have been mobilized and army, navy and air forces are being given intensive training, the paper said. Batavia has been placed under a modified martial law, special city guards have been organized, and business houses in the city have sandbagged their premises. A number of Dutch fascists were said to have been arrested. The Japanese Government is meanwhile considering the dispatch of a special envoy to Batavia—with what mission has not yet been revealed.

Fate Hanging in Balance

In the view of another Chinese organ, the *Shen Chow Jih Pao*, the fate of Thailand as an independent state is now hanging in the balance. The paper predicted that if the French should reject Japan's demands on Indo-China, the Japanese will increase their pressure on Thailand, with a view to using the latter as a base from which further to menace the security of the French colony. If Bangkok accepts the Japanese demands, Thailand's independence will have come to an end, the paper believes.

Japan's demands on French Indo-China were given clear mention in press reports last week-end. In a report from Vichy regarding the French-Japanese negotiations on this matter, *United Press* claimed to have learned that Japan is demanding right of passage for her troops along the Indo-China-Yunnan Railway that runs from Hanoi to Kunming, the right to occupy certain airdromes in the French colony, and the use of French naval bases at Camranh, Haiphong and Baidalong.

Negotiations on these demands are said to have been transferred from Hanoi to Vichy after Vice-Admiral Jean Decoux, Governor-General of the French colony, had rejected Japanese overtures. Nevertheless, it is obvious that the authorities at Hanoi are doing all in their power to appease the Japanese with a view to stalling off possible Japanese action. A *Havas* report from Hanoi stated that a "huge banquet" was offered at the Metropole Hotel in that city on Aug. 16 to Major-Gen. Issaku Nishihara, head of the Japanese inspectorate in the French colony, who recently returned to Hanoi from Tokyo.

Japanese Filtering In

The *United Press* carried a report from Hanoi on Aug. 17 stating that apprehension was growing there because of the great number of Japanese filtering into Indo-China in the guise

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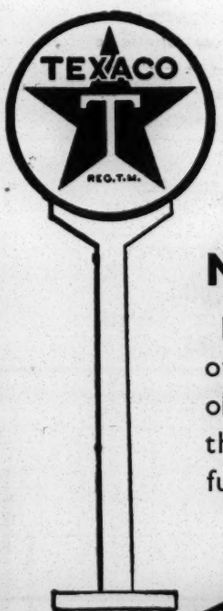

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of officials attached to the Japanese inspectorate and other varied pretexts. These Japanese, the report said, were engaged in a large-scale program of research work and were mapping military and naval bases and border areas.

Economic talks have also been proceeding between the Japanese and French colonial authorities, but are halted temporarily while a mixed commission is organized to consider Japanese proposals. The Japanese are understood to have demanded, among other things, the same rights enjoyed by other nations which do not pay customs duties on their exports to the colony, and also the right of Japanese subjects to enter the colony without passports.

Chungking Army Foray?

Reports received in Vichy from Hanoi, *Domei* cabled from the former city early this week, said that large units of the Chungking Army had made an abortive attempt to cross the border into French Indo-China. Indo-China border guards repelled the would-be invaders, the report said, and the Hanoi authorities on Aug. 18 lodged a vigorous protest with Chungking. Since Aug. 7, the report also said, Gen. Chiang Kai-shek had massed five divisions of his troops at strategic points along the Indo-China border.

Of interest in this connection were reports from Chungking early this week which claimed that Japanese-occupied Lungchow, important Kwangsi city only a few miles from the Indo-China border, was under siege and completely surrounded by Chinese troops who expected to capture the city at any time.

According to Chinese reports, Gen. Chiang Kai-shek recently flew to Yunnan Province to inspect defense positions along the Yunnan-Indo-China border, evidently with an eye to a possible Japanese attack on Yunnan from the direction of the French colony, in the event that the latter concedes Japanese demands for military facilities. The Generalissimo was accompanied by Chow Tsung-yao, Minister of Interior, and Gen. Yang Chieh, former Chinese Ambassador to Moscow, *Kuo Min* stated.

Borotra to Organize Football in France

Jean Borotra, famous French tennis champion who has been made Commissioner-General of Physical Education and Sports by the Vichy Government, left Paris on August 16 after conferring with leaders of various sporting associations regarding his plan to organize a football championship for 1940 in both occupied and free France.

New Coal Field Found By Japanese in Shantung

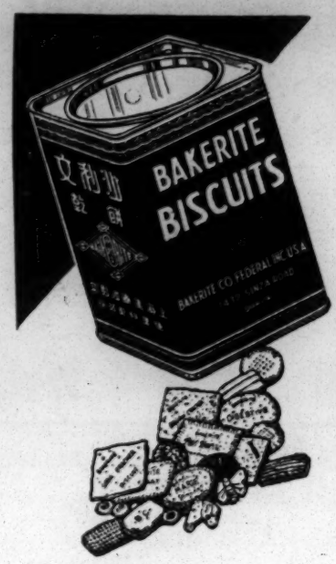
A large new coal field, believed to contain 200,000,000 tons of excellent quality bituminous coal, has been discovered near Laiwo, Shantung Province, by a survey party from the Japan Iron Works, *Havas* reported on August 16. The survey party also discovered limonite deposits in an area three kilometers north of Laiwo. These deposits contain 60 percent pure limonite.

Thousands Die as Yellow River Overflows Dykes

A Japanese report from Kaifeng on August 15 declared that thousands were feared to have drowned when scores of villages were engulfed in the swirling waters of the Yellow River, appropriately called "China's Sorrow." According to the report, the river overflowed its embankment at Hwanghokow, south of Kinshuichen, along a length of several hundred meters, and flooded the entire area between the Lunghai Railway and the old bed of the River.

Manchukuo Announces Increase in Population

A recent census taken by the Department of People's Welfare of Manchukuo reveals that the population in 1939 increased by 830,000 over the previous year to 39,454,026. There are 3,500,000 more males than females in the country. The population is divided as follows: 37,518,833 Chinese and Manchurians, 1,153,127 Koreans and 642,356 Japanese. This is an increase of 602,378, 105,819 and 120,167, respectively. The number of foreigners, declining in the past few years, gained by 2,022 in 1939.



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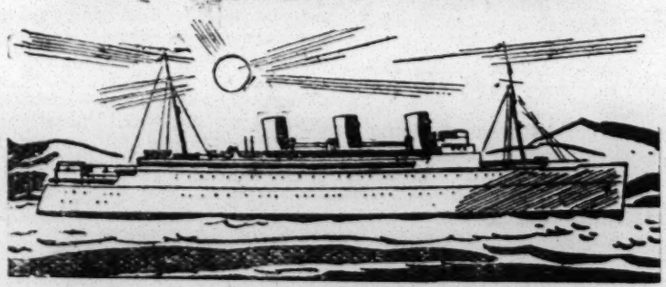

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China Affected by U.S. Ban on Gasoline Exports; Uses Substitutes

By a Chungking Correspondent

FREE China was jubilant when President Roosevelt embargoed gasoline to countries outside of the Western Hemisphere barely two weeks after the British closure of the Burma Road. But now that the jubilation has subsided, one wonders whether the ban was a blow to China, too. Can China procure a sufficient quantity of gasoline to meet her needs? Last year she imported 135,868,000 liters, worth over $24,760,000, chiefly from America and Soviet Russia.

It must be admitted that the difficulties resulting from the Burma Road closure and President Roosevelt's ban on gasoline are big, but they are not insurmountable. According to a high official of the Industrial and Mining Adjustment Commission of the Ministry of Economic Affairs, the effects on China's resistance and reconstruction are not so serious as is generally believed.

Enough for Air Force

As the situation stands, China has a sufficient stock of high-grade gasoline to last a considerable period of time for the air force and the army, although she is not yet producing the fuel on a large scale. China is not an industrialized nation and she must still depend on the supply from Soviet Russia, which Dr. Lin Yu-tang calls "China's friend of friends."

The scarcity of gasoline in interior China has produced an apothegm, namely, "One drop of gasoline means one drop of blood." This has compelled China to limit gasoline use and to utilize alcohol as a substitute. China is making synthetic gasoline. An official report says that a large percentage of the nation's trucks, buses and cars are running on alcohol or a gasoline-alcohol mixture. Only the air force and the army enjoy the use of pure gasoline.

China has some 16 alcohol plants in the Southwest and at least four others in the Northwest, producing 95-99 percent pure alcohol. Some are operated by the government, while others are private enterprises. These plants, which have a total investment of more than $20,000,000, are scattered among Szechwan, Hunan, Kwangsi, Shensi and Kansu. Thousands of gallons of alcohol pour out from their pipes every day for use in motor vehicles and at surgical stations. Their output is so satisfactory that it is in heavy demand. A plant in Shensi, for instance, had a three months' order from the government even before its construction was completed. Meanwhile, many more plants are being built or planned.

Trials Satisfactory

Trial runs made by cars using alcohol show that the performance of synthetic gasoline is satisfactory. The difference between alcohol and pure gasoline is about 20 percent in performance, and gasoline costs more than double. The present price of alcohol in interior China is $10 per gallon. Chinese chemists of the National Bureau of Industrial Research of the Ministry of Economic Affairs are perfecting a device whereby the performance of alcohol may be made satisfactory under all weather conditions, as well as eliminating its corrosive elements.

Incredible though it may seem to many people, China is now procuring gasoline from her oil wells in Kansu Province. When not long ago a Eurasia plane made a forced landing in the Northwest, because of fuel shortage, an oil plant there was able to supply the plane with its own product and it proceeded without any mishap whatsoever. "Just give us time," a Chinese government official remarked, "and we will make more and more of this important liquid."

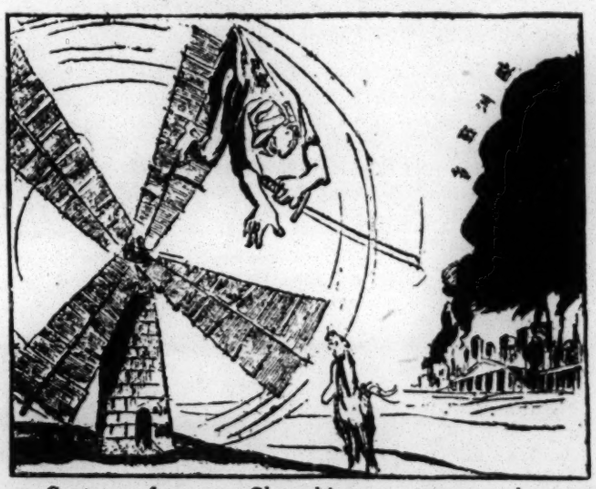
"For the present," he continued, "gasoline from these wells is being used in the Northwest only, due to limited supply and difficult transportation. Through heating and cracking, the oil can be used for aviation purposes. The government is is manufacturing a set of cracking machines especially for making aviation oil, and another set of cracking machines has been ordered from abroad." He said that the oil reserves in Kansu Province were discovered by Dr. Wong Wen-hao, Minister of Economic Affairs, who is one of China's foremost geologists.

Plants in Chungking

Visitors to Chungking may see a vegetable oil cracking plant which is using local vegetable oil for producing gasoline and kerosene. Its output, however, has not been able to meet the demand. Nevertheless, it is encouraging that all kinds of vegetable oils, including tung oil, may be used. The oil is moderately cracked in a pipe-still under 150 pounds pressure at 450°C. The cracked distillate is fractionated and treated to give two products similar in quality to imported gasoline and kerosene. Erected by the National Resources Commission, the plant will yield 30,000 gallons of gasoline, in addition to 15,000 gallons of kerosene a month.

Gaining more and more popularity are trucks run entirely on coal. An automotive expert, H. T. Chou, has devised a gas-producer which supplies fuel for vehicular engines. Only recently this machine was given a five-year patent by the Chinese Government. Mr. Chou, graduate of the Armour Institute of Technology, Chicago, has driven a truck equipped with the gas-producer from Kweiyang and Chungking with success. Considering the fact that this highway is noted for its pin-curves and high altitude, it is not at all bad that the vehicle could make an average speed of 16.5 kilometers per hour. The cost of the trip was $500 less than if the truck had been using gasoline. On level roads, such a truck can travel 40 kilometers an hour. Mr. Chou said that the gas-producer may be used to run a distance of 80 kilometers in Free China without refuelling. Hundreds of coal-driven trucks are plying the various highways in the Northwest, scaling climbs and turns, including the famous 2,000-meter Chin Lin range and the dangerous "North Wooden Trail," without difficulty.

Japanese Don Quixote



Cartoon from a Chungking newspaper shows a Japanese warlord in the predicament of the Spanish Don Quixote caught on the Chinese windmill. At the right is Europe aflame and the Japanese militarist, due to his predicament in China, is unable to take advantage of the situation.

Fabulous Oil Deposits

China has fabulous oil deposits in the Northwest, in a territory of more than 60,000 square kilometers in 26 counties to the north of the Wei River (Shensi). According to estimates made by American experts, the reserve is 2,277,000,000 barrels (24 gallons to a barrel) and represents about two-thirds of China's grand total oil reserve. Oil shale is also found in a northwestern district called Anting, estimated by the National Resources Commission at 600,000,000 tons holding 15,600,000,000 gallons of oil (26 gallons to each ton of shale).

Banned Japanese Luxuries To be Sold in Honolulu

Mitsukoshi, largest department store in Japan, will soon open a U.S.$500,000 branch in Honolulu, mainly for the purpose of disposing of luxury goods banned from sale in Japan. The branch will sell American as well as Japanese products. Two shipments of goods have already been sent to Honolulu.

Japanese Grab Radio Plant in Frenchtown

It was seen last week that Japan had a firmer grip on the French Concession of Shanghai when Japanese gendarmes accompanied by French police carried out two raids on storehouses containing Chungking-owned radio equipment. Another evidence of Japanese control was a French Municipal Police order to the *United Press Association*, at the time curfew went into effect on August 9, to close down the news teletype machine at 10 p.m. sharp. This ban on the American agency's means of receiving news has not yet been lifted by the French authorities notwithstanding that the emergency period has passed.

The first raid in which the Japanese seized Chinese Government-owned radio equipment took place Aug. 16 on premises at 69 Avenue du Roi Albert. Although French police denied knowledge of Chinese Government ownership, or that the seized equipment was worth several million dollars as alleged in Chinese circles, it was found to be a fact that the equipment belonged to the Ministry of Communications in Chungking and had been left in the safekeeping of the French authorities when Chinese troops withdrew from the Shanghai area.

Equipment similarly owned was seized by Japanese plain clothes men from a house at 67 Route de Say Zoong on Aug. 18, while French police looked on. This equipment, it was learned, was part of a transmission apparatus of the Chenju Radio Station and was imported to China by the Radio Corporation of America, which may still have an interest in it. The Chenju Station was seized by the Japanese long ago and is being operated by the Central China Telecommunication Company, a subsidiary of the Japanese monopolist concern that goes by the name of Central China Development Company.

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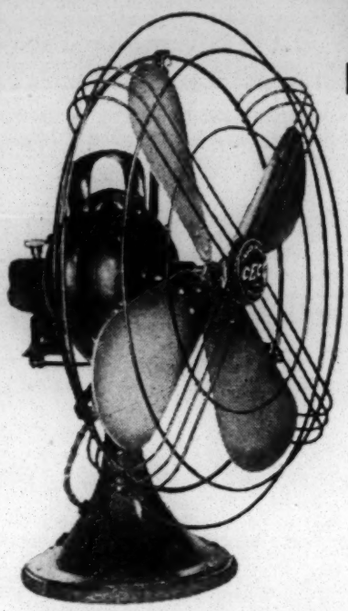

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

July 16

Cabinet of Admiral Mitsumasa Yonai resigns en bloc after six months in power. Japanese Army leaders hold conference and decide that no other candidate but Prince Ayamaro Konoye will be acceptable for the Premiership. Prince Konoye is advocate of single-party totalitarianism.

Admiral Harry E. Yarnell, former commander of the U. S. Asiatic Fleet, predicts China will be able to overcome the effects of the Japanese blockade by developing complete self-sufficiency and thereby continue the war indefinitely.

Japanese bombers raid Chungking for first time since July 9.

*
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July 17

Burma road to China closed to all munitions traffic for three months as of today by agreement between Britain and Japan. Agreement also involves prohibition of arms, munitions export to China via Hongkong. Gen. Chiang Kai-shek tells press that Britain is practically assisting Japan by Burma road closure and that war will be prolonged as a result. President Roosevelt backs up Secretary of State Cordell Hull's condemnation of Burma road closure.

Prince Konoye appointed Japanese Premier. Begins formation of Cabinet.

*
**

July 18

Prime Minister Winston Churchill tells House of Commons closure of Burma road is result of world situation. Britain wants to see China's integrity preserved, he says, and wants to see Japan economically prosperous, therefore the road was closed for three months only, to appease both sides.

*
**

July 19

Japanese Foreign Office spokesman tells press Japan does not contemplate inviting, nor would it welcome, third-party mediation in the Sino-Japanese war.

Samuel H. Chang, well-known Shanghai newspaperman and one of the 87 persons whose arrest has been demanded by the Nanking regime, is assassinated.

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July 20

Chungking reports Japanese naval forces have landed at three places in southeast China: Chuanchow Harbor, Fukien, Nimrod Sound, Chekiang, south shore of Hangchowan Gulf. Heavy gun barrages from Japanese warships said assisting landing.

Shanghai Municipal Council asks aid of Consular Body in prevention of political terrorism.

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July 21

Fighting continues along Chekiang-Fukien coast. Chinese forces at Chenhai said storming Japanese positions above and below port. Japanese attempting to land at Tsungwu, Fukien said driven back to ships by Chinese. Japanese naval force lands at Santu Island, 50 miles northeast of Foochow.

July 22

One hundred Japanese planes raid cities north and south of Chungking, flying over capital to reach objectives. Bombs start large fires in Hochuan on Chialing River, north of Chungking. Chinchiang-Nanchuan highway and cities south of capital also bombed. Two bombers flying over capital shot down by Chinese pursuit planes. One thousand reported dead in raids.

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July 23

Chinese retake Chenhai as Japanese evacuate Chekiang port after six-day occupation. Chenhai itself said razed.

Report from Tokyo declares Japan seeking closer ties with Axis. Press in U.S. indignant over anti-American turn political terror has taken in Shanghai, with proscription of American newspapermen by Nanking regime.

*
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July 24

Japanese bombers raid Chengtu, pass by Chungking without bombing.

Chinese forces at Shumchun on Hongkong border clash with Chinese puppet troops.

T. V. Soong mentioned as new Minister of Economic Warfare. Also rumored to succeed Dr. Hu Shih, Ambassador to United States. Several prominent Chinese diplomats return to Chungking to join Foreign Ministry following abolition of diplomatic posts in conquered European nations.

Windsor Takes Oath as Governor of Bahamas

The Duke and Duchess of Windsor arrived at Nassau, capital of the British West Indian Bahama Islands, on August 17. The Duke wore the uniform of a Major-General for the ceremony of assuming the Governor-Generalship of the colony. The first act of the former King of England was to take the oath of allegiance in the Legislative Chambers. In reply to the speeches of welcome, he declared it would be his endeavor to lend a helping hand in solving war problems. The Duke and Duches then proceeded to Government House followed by a crowd of 2,000 cheering people and made several appearances on the balcony.

Puppet Governors and Mayors Confer in Peiping

A conference of puppet mayors and governors of North China met in Peiping on August 14 to hear the new administrative policy of the North China Political Affairs Commission announced by Wang I-tang, chairman. Among those present were the mayors of Peiping, Tientsin and Tsingtao and the governors of Hopei, Shansi and Shantung Provinces.

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British-Chinese Corp. Reports a Bad Year

The year 1939 was dubbed the worst in the experience of the British and Chinese Corporation, Limited at the 42nd ordinary general meeting of the company held in London on June 12. Sir John Pratt, chairman, said that there had been an almost complete cessation in the servicing of loans in which the corporation was interested and an almost unprecedented interference with the rights of the corporation under its agreements with the Chinese Government. All the railways in which the corporation is interested are in Japanese hands. The damage done these lines has greatly impaired their value as security for loans in which bondholders have invested.

Sir John gave the following details of particular lines: the Peking-Mukden line is operated, together with certain others in North China, by the Japanese-sponsored North China Railway Company. The loan service installments for 1939 were paid. The Shanghai-Nanking and the Shanghai-Hangchow-Ningpo lines are now operated by a Sino-Japanese firm, the Central China Railway Company. Japanese rolling stock is used. No payment of loan services was made in 1939. The Canton-Kowloon Railway is in a very bad state and will require a large sum of money to recondition.

Sir John then referred to the earnest request of the Chinese Government last year, for the financing of a railway between Burma and Kunming. The matter was given close consideration, he said, but was finally dropped because of the difficulty of obtaining credits.

The report on the corporation's financial condition showed a profit of £1,701 on the year's operations, but after allowing for depreciation on investments, loss in exchange, loss on sales of investments there was a debit of £105,841. Including the debit brought forward, the total amounted to £181,868. In view of the uncertain future, the directors considered it advisable to transfer to the profit and loss account £200,000 out of the £325,000 of the general reserve. The report was unanimously adopted.

Hector Bywater, Noted Naval Writer, Dies

Mr. Hector Charles Bywater, well-known English writer on naval affairs, died in London on August 17. He was particularly noted for his writings on naval problems in the Pacific and was naval correspondent of the London *Daily Telegraph*. He was a life member of the United States Naval Institute and a member of the Associate Institute of Naval Architects. Although born in London in 1884, he lived in Canada and the U.S. from 1898 to 1914. During World War I he was engaged in intelligence work for the British Government. Mr. Bywater was the author of: "*The Great Pacific War, Sea Power in the Pacific, The Navies and Nations* and other books.

Who's Who in China

Ning Tze-chuen, industrialist and banker; born at Kienwei, Szechwan, 1894; graduate of National Peking Political Science College; entered government service at early age; chief financial adviser to Gen. Liu Wen-hui,

甯芷邨

Ning Tze-chuen

chairman of the Szechwan Provincial Government, Chengtu, then made extensive tour in China and abroad to study financial, banking and industrial institutions, 1932-34; established Szechwan Cement Manufacturing Company at Chungking; reorganized the Szechwan and Sikang Commercial Bank, 1935; now general manager of the cement company and the bank; address: Szechwan Cement Manufacturing Company, Chungking, Szechwan.

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Sigrid Undset Tells World She Can't Write

Sigrid Undset, famous Norwegian authoress who recently arrived in Japan from Sweden via Siberia, indicated to Japanese newspapermen that she would not do any writing until the world settles down and gives her a chance to think. "I feel that I shall never write again," she announced dramatically. "The world is too distracting. I must first find peace. No sane writer can work in such a world as we are living in today." She is reported to be on her way to the United States to lecture—and possibly do a little writing.

Italian Bank of China Banned to British Trade

The Italian Bank for China in Shanghai, was banned to all trade with British firms and subjects by a Hongkong Government order of August 20. The *Gazette* which carried the order listed 20 other business firms barred to British trade under the Trading With the Enemy Act, it was announced by *Domei*.

Japanese Resume Airmail Between Shanghai, Canton

The Yuhang Road Office in Hongkew on August 13 resumed acceptance of letters and packages for Canton to be sent via the Japanese air mail system.

Men and Events

Sir Victor Sassoon, head of the Sassoon real estate and other interests at Shanghai, departed last week for Bombay, India, where he plans to remain until October.

*

Sir Archibald Clark Kerr, British Ambassador to China, will leave Shanghai for Chungking on Aug. 26, proceeding by sea to Hongkong and thence by air to the Chinese capital.

*

C. L. Hindson has been appointed to take charge of the office of Reuters Agency in Japanese-occupied Hankow and has already left Shanghai to assume his new duties.

*

Chinese residents of San Francisco have cabled Gen. Chiang Kai-shek a contribution of U.S.$11,000,000 for China's air force, according to a **Reuter** report from Chungking on Aug. 18.

*

The **Shun Pao** announced on Aug. 19 that the Shanghai Committee for Providing Winter Garments for Chinese soldiers has voted to contribute Ch.$500,000 to the fund.

*

In the first six months of this year China exported tea to the value of $71,815,235, of which $48,789,613 worth went through Hongkong. Tea prices soared from $70 per quintal last year to $300 this year.

*

L. P. Stagg arrived in Shanghai this week following an extensive trip by truck and motorcar through western, southwestern and northwestern China. He came to Shanghai by way of Chekiang province.

*

The U. S. Fourth Marines experienced a loss amounting to Ch.$125,000 as a result of a fire in their plumbing, carpenter and paint shop on Sinza Road, on Saturday afternoon, Aug. 17. Cause of the fire was unknown.

*

The Tokyo Foreign Office announced on Aug. 18 that the first Australian Minister to Japan would be Sir John Grieg Latham, at present Chief Justice of the Commonwealth. The new Austrialian diplomat was confirmed by the Japanese Government last week. The name of the Japanese Minister to Australia has not been announced.

*

Gen. Chang Chih-chung, commander of Chinese troops in the Shanghai area during the 1937 fighting, has been appointed director of political affairs in General Headquarters at Chungking, according to a **Havas** report from the wartime capital. He replaces Gen. Cheng Chen.

*

The recent marriage of Earl Leaf, former Shanghai newspaperman, to Miss Nancy Jane Jewett of Portland, Oregon, is to be annulled, according to letters received in Shanghai. They were married on March 4. Mr. Leaf is now director of Chinese Government publicity in the United States. He resides at 24, Fifth Avenue, N. Y.

*

A. B. Emmons, who has visited in Shanghai on several occasions, usually in connection with exploring expeditions, arrived here last week, enroute to Hankow where he has been appointed U. S. Vice-Consul. He is accompanied by Mrs. Emmons. Mr. Emmons once made a trip of exploration in Siking territory of northwest China.

Wang I-tang, new chairman of the North China Political Council, has been appointed to the concurrent post of chairman of the Peking San Min Hui, political party organized by the Japanese when the north China regime was originally established. The Government has ordered 2,500 members of the Youths Corps to stage a parade.

*

Chien Pai-yen, who has held the position of secretary to the Nanking Ministry of Railways, has resigned. No reason was given for the resignation, but the continued control of all of the Chinese railways by the Japanese Army apparently did not make Mr. Chien's job as secretary of the "Ministry of Railways" a very onerous position.

*

The Chinese Government announced on Aug. 18 the appointment of Cheng Chi-lu as chairman of the Economic Committee for the 9th War Zone, which includes Hunan, Hupeh and Kiangsi. Mr. Cheng's headquarters will be in Changsha. The purpose of the Committee is to intensify the economic phases of the war against the Japanese, including the prevention of the smuggling of misbranded Japanese merchandise into Chinese territory.

*

The German **Transocean** news service reported, in a dispatch from Berlin on August 17 that four Americans, who have been detained by the Nazi military authorities since the capitulation of the French Army, are shortly to be released. The German report claimed that the Americans—William Raymond, Murray Shipley, Louis W. Wehrl and Marcus Joseph Clark—are "interned in comfortable quarters." The Americans were operating a volunteer ambulance corps in France and were arrested by the Nazis.

Takayoshi Sasaki, Japanese Consul at Hankow, 54 years of age, died of heart stricture, on Sunday evening, Aug. 18, He was a graduate of Tung Wen University, Shanghai, and entered the Japanese diplomatic service 20 years ago.

*

Evert Barger, Philip Wright and Michael Sullivan arrived in Chungking on August 17 at the head of a British relief unit which travelled overland from Shanghai via Ningpo, Chekiang, to west China. The men will join the staff of the International Red Cross at Kweiyang, Kweichow.

*

Major D. Hamilton, who arrived in Shanghai, last week, will serve as Intelligence Officer with the U. S. Fourth Marines. He will succeed Col. H. M. Stent, who was transferred to the United States recently. Major Hamilton was accompanied by Mrs. Hamilton and their two children.

*

John McCutcheon Raleigh, formerly connected with the Berlin Bureau of **Chicago Tribune** and later with National and Columbia broadcasting services in the United States, arrived in Shanghai this week and plans to remain here for sometime. He is accompanied by Mrs. Raleigh and they are residing temporarily at the American Club.

*

Hector C. Bywater, widely known writer on naval subjects, died in London on Aug. 18, at the age of 56. Mr. Bywater was a life member of the American Naval Institute and of the associate Institute of Naval Architects. He was born in England and served in the British intelligence department in the first world war. He also served as correspondent for the London **Daily Telegraph**. Among his books are, "Sea Power in the Pacific," "The Great Pacific War," "Navies and Nations."

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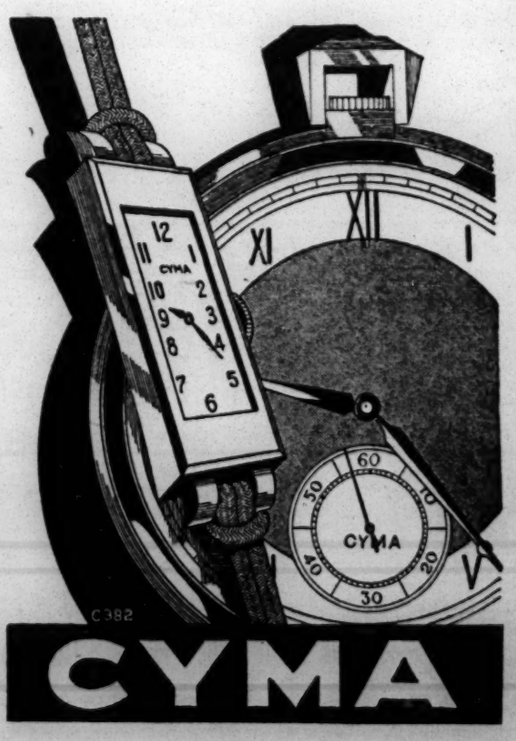

The population of Kwantung Territory, Japanese zone at the southern tip of Fengtien province, Manchuria, exceeds 1,300,000, according to census taken in June this year. Of the various groups, Chinese (listed as Manchurians) number 1,108,817; Japanese 195,765; Koreans 5,087; foreigners, 1,796.

*

The Ministry of Education announced on Aug. 17 that Yuan Tung-li had been appointed acting director of the National Peiping Library in succession to the late Dr. Tsai Yuan-pai. The recommendation was made by the Board of Directors of the institution, according to dispatch from Chungking.

*

The Japanese announced through **Domei** on Aug. 18 that Fan Chung-yun, political vice-minister of education at Nanking, has been appointed president of National Central University, controlled by the Wang Ching-wei group at Nanking. Other appointments announced included Tai Ying-fu, as political vice-minister of education; Wang Min-chung, administrative vice-minister of education in succession to Tai Ying-fu. The university will be opened in Mid-September, stated the report.

*

A message through the French **Havas** service from Tokyo on August 15 stated that the Korean Government-General had announced that the names of all Korean families would be converted into Japanese names. The report alleged that 2,685,000 families, constituting 63% of all families in Korea had made application for Japanese names. The action was taken, according to the report, "in keeping with the principle of Japanese-Korean unity."

*

Chinese students, who previously have been attending universities in Great Britain, will be sent to McGill and other universities in Canada this year, according to an announcement of the British Boxer Indemnity Board on Aug. 15. This year's group will include 24 students who sailed from Hongkong for Vancouver on Aug. 9.

*

The **Sin Wan Pao** reported on Aug. 14 that more than 50 Chinese students had been arrested in Peiping, by the Japanese, following the alleged assassination of the President of the Medical College of Peiping University, which occurred on August 8. The report in the Chinese paper also stated that a Japanese soldier shot and killed a Chinese, while the Japanese soldier was searching a Peiping shop. Japanese search parties were active in all parts of the city, stated the report.

*

Walter Percy Chrysler, well known manufacturer of motor cars, died at Great Neck, N. Y. on August 18. He was 65 years old and his death was due to carebral hemorrhage. He was born at Wamego, Kansas, his parents having come to the United States from Canada. He began life as a machinist's apprentice in the shops of the Union Pacific Railway at the age of 17. He was inspired to enter the automobile manufacturing industry in 1905 while on a visit to the Chicago automobile show. His original capital was US$700.

*

Eurasia Aviation Corporation, Sino-German concern which operates mail and passenger planes in west China, announced a general revision of passenger fares which became effective on August 15. The new fare from Hanoi, Indo-China to Kunming is $140 Indo-China currency and Ch.$390 from Kunming to Hanoi. The fare from Chungking to Hanoi is Ch.$850. From Kweilin, capital of Kwangsi to Hongkong, the rate is $520 and from Hongkong to Kweilin, $270 Hongkong currency. The rate from Chengtu, Szechuen, to Lanchow, capital of Kansu, is Ch.$520; Lanchow to Liangchow, $180; Liangchow to Suchow, $340; Suchow to Hami, Sinkiang Ch.$480.

Prince Adamadan, a ruling potentate of India, with his wife and two sons, were baptized into the Roman Catholic faith at Vatican City, Rome, on Aug. 16. The British Indian family, prior to the baptism, was given a special audience by Pope Pius XII in the small throne room at the Palace.

*

Mrs. H. J. Timperley, who as Elizabeth Jane Chambers, served as secretary with the Ministry of Communications in Nanking in 1937, but recently has been secretary to John Gunther, author of "Inside Asia," was married on June 10 in New York to Dr. Mason Trowbridge, Jr.

*

C. P. Cheng, who has been editor of **Central Daily News**, organ of the Kuomintang Party, has been appointed secretary-general of the Control Yuan, according to **Havas** dispatch from Chungking on August 18. H. J. Ho, formerly director of the propaganda bureau of the Kuomintang Youth Movement, has been appointed editor of the **Central Daily News.**

*

More than 20,000 persons attended a special anti-opium ceremony at Sian, capital of Shensi province on August 17 when Ch. $357,000 worth of opium was destroyed in a huge bonfire. Gen. Chiang Ting-wen, Chairman of the Shensi provincial government made a report outlining measures adopted by the National Government at Chungking for the eradication of the opium evil.

*

C. E. Gauss, now American Minister to Australia, who recently presented his credentials to Lord Gowrie, Governor-General of Australia, announced that the U. S. Government planned to construct a new legation building in Canberra, capital of the Commonwealth, as soon as a suitable area of land could be obtained and plans for the building could be completed.

Mr. and Mrs. A. B. Henningsen were hosts at a picnic supper at 455 Amherst Avenue on Monday evening, August 19.

*

The Executive Yuan of the Chinese Government announced on Aug. 14 that three members of the Overseas Affairs Commission—Hsieh Chung-fu, Mai Chien-shih and Chu Chao-hsin—had been dismissed from office. The three men also were ordered arrested "because of certain grave charges against them," according to **Kuomin** report from Chungking.

*

Prof. William P. Maddox of the University of Pennsylvania's political science department, arrived in Shanghai last week on a tour of China. Prof. **Maddox** studied at Harvard and previously taught at Princeton. Prof. Maddox brought letters to friends in Shanghai from Edward C. Carter of the Institute of Pacific Relations, New York.

*

Japanese interests, which purchased control of the Grand Hotel de Pekin, at Peiping, recently, published a notice in the Shanghai newspapers this week that "no change in policy was contemplated." The hotel was constructed many years ago by French interests and in recent years was managed by a French-Chinese syndicate. J. Roustan was manager.

*

Gen. Chiang Kai-shek and Wang Chung-hui cabled their congratulations to President Manual Quezon, President of the Philippine Commonwealth, on the occasion of Quezon's 62nd birthday on Aug. 19. The Central Broadcasting Station at Chungking also broadcast a special musical program to the Philippines in honor of Quezon's birthday and Gen. Wu Teh-chen, former Mayor of Shanghai and now direcetor of the Central Party Overseas Affairs Department at Chungking, delivered a special congratulatory message in English over the Chungking radio.

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Eight hundred Shanghai Jews heard Rabbi Mendel Brown, local religious leader, issue an appeal for unity in the Jewish community, during the course of a speech at the Ohel Rachel Synagogue on Monday. The meeting assembled in honor of the late Vladimir Jabotinsky, Jewish leader who died recently in New York.

*

Wang Ching-wei, president of the Nanking Executive Yuan, has ordered 80 souvenir swords from the Japanese sword factory in Shanghai, which will be presented to police officers attached to the Nanking Government, who are attending the National Police Administration Conference, now in session at Nanking **Central Press Service.**

*

A party of American newspapermen, who flew to New Zealand from San Francisco aboard the Pan-American Airways' Clipper plane, arrived in Sydney, Australia on August 18, aboard the Tasman Lines plane from Auckland, which provides the Australian link in the San Francisco-Honolulu-Auckland service.

*

F. A. Sampson member of the staff of **The China Press** for several years and recently connected with the **Shanghai Evening Post,** was given a farewell party at the Shanghai Police Club on Saturday, Aug. 17, when he was presented with two pipes and a tobacco pouch by members of the Club. Mr. Sampson is going to Great Britain to join the British Army for service in the war. Talks were made by Deputy-Commissioner H. D. M. Robertson of the Police, Paul Palamountain of the **Shanghai Times** and others. Aside from his newspaper work in Shanghai, Mr. Sampson once served as **Reuter's** correspondent at Hankow.

*

S. Moutrie and Company, Ltd., piano and organ manufacturers and dealers in music and musical instruments, cleared the highest profit in the long history of the firm, according to report of the annual meeting, held in Shanghai on Aug. 9. The profit amounted to $197,588.65, which, according to Dr. W. J. Isenman, chairman, "was considered satisfactory, even after allowing for depreciation in the value of the Chinese dollar." The Chinese dollar, in relation to American currency, is only worth about one-sixth its previous value. Most of the profits were derived from operations of the firm in China as its activities were curtailed in Hongkong, Singapore and Penang. As a war-time measure the authorities of Malaya had prohibited import of Moutrie pianos, the chairman stated.

*

John Russell Coryell, who once served as American vice-consul at Shanghai and at Canton, became, upon his return to the United States—in 1875—the most prolific writer in America, turning out no less than 1,000,000 words a year. According to the **American Foreign Service Journal** for July, Coryell, after returning to America and two years as an itinerant journalist, created the fiction character, "Nick Carter," a detective figure who became known to millions of magazine readers for a period of nearly a half-century. Coryell's father, Miers Coryell, was a famous marine architect in Shanghai. The son was sent to U. S. for his education and after a period in the N. Y. public schools and College of the City of New York,, he came to Shanghai. Many of his stories were set in Chinatown, San Francisco. He was said to turn out a finished narrative of 2,740 words daily, an average short story every two days, eleven book-length novels a year and occasionally had six serials appear simultaneously in six different magazines. He died on his farm at Mount Vernon, Maine in 1924.

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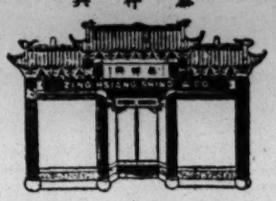

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The public is hereby notified that the Custom House will be closed, and the shipment and delivery of cargo suspended, on Tuesday, the 27th August 1940, the birthday of Confucius.

L. H. Lawford,
Commissioner of Customs.

Custom House,
Shanghai, 17th August 1940.

New Books of Interest in the Far East

Dreamer in the East

MY ROAD TO INDIA—By Nilla Cram Cook. Lee Furman, Inc. N. Y., 1939, 462 pp., one map. Price, U.S.$2.75.

Of Nilla Cram Cook all sorts of tales have been told. She has been a myth for long. And this book explodes the myth once for all. The explosion over, and the air clear again, we see that Miss Cook is, after all, human. Only she is more dreaming, more poetical, more muscial, more idealistic, sensitive, passionate, outspoken and unconventional than most people.

Even when a child, she shocked Mrs. Grundy's world by taking part in a Cape Cod dance in Provincetown. To Mrs. Grundy, this was horrid, even unbelievable. But she danced just for the sheer pleasure and the sheer beauty of dancing.

She explored wild forests, unchaperoned. Her love for nature is great. As a nature-lover, she recalls to mind the wasp-like Rima in "The Purple Land" and the fox-like Hazel in "Gone to the Earth." She looks upon nature not as a teacher, rather as a cup-bearer, a Ganymede, out of whom nectar can be wheedled. She loves the idea of being able to float on a sea of tinctured blossoms, and getting deliciously drunk with the perfume. She is thrilled with the idea of being able to be one with water meandering through a myriad meadows. In this respect, she is more like Keats than Wordsworth. And this accounts for Miss Cook's love of Greece, the enhanting land of the gods and the goddesses.

In a nutshell, one may say that Miss Cook has been a myth because she has a love for truth and beauty which is extraordinary. All her life she has been seeking them as Galahad did the Holy Grail. And for them she is willing to suffer martyrdom. But at the same time she does not neglect Humanity. Miss Cook wants people to share here love for truth and beauty. And the way to bring this about is through the "Magic Theater."

This is the theme of this book, which begins with Miss Cook's childhood on the Mississippi banks, in California, in Provincetown—how she was infatuated with the "Arabian Nights" and dreamed about the East. Then she went to Greece to live with her father, George Cram Cook, the well-remembered poet. There she imbibed, and was intoxicated with, the beauty of nature. At the age of sixteen she was married to a Greek. And soon afterwards she moved on to India, the land of her heart's desire. There she became the disciple of Gurudev, who "could read minds and see what happened at a distance." She had dreams and witnessed miracles. She lived among princes and princesses. But soon she discovered that this kind of life was sinful, so she forsook wealth and lived among the poor, and sat at the feet of Gandhi. And the figure of Gandhi is beatifully delineated in this book. Indeed, this book gives us a wonderful picture of modern India—the people's temperament, their racial characteristics, and their philosophy of life.

Miss Cook's English is felicitous—a little chatty, a bit jumpy, always lively and vicacious. The book has many beautiful purple patches. Where least expected, puffs of poetry suddenly spring on you, ruffling your hair, bearing you away to a land where "the mountains were in the shape of rolling downs, curving like the body of Venus ....there were no peaks, only amorous curves kissed by infatuated clouds."

S. C. Y.

Progress of the Bible

FOR WAYFARING MEN—John A. Patten, Editor. London, The British and Foreign Bible Society, 1939. 114 pages, illustrations.

This 1939 report of the British and Foreign Bible Society is a striking example of how an annual report can be made into a factor for spiritual inspiration and renewed endeavor. The theme of the report is that of John Bunyon. Life is likened to a pilgrimage, man to a wayfarer, and the Bible his guidebook. This theme has been carried out by stories of notable pilgrims of the Book: Edward Wilson, the South Pole explorer; John Wesley with his fifty years on horseback; Livingstone who took his Bible with him on every journey through the jungle; and our own pilgrims of western China, Mildred Cable, Evangeline and Francesca French. But more space is given to the humble and unnamed pilgrims—the colporteurs of the Bible Society, about one thousand in number.

To us in the Far East of particular interest is the work in this area of the world—China, Korea, India and Japan. The China report was made by Dr. Carleton Lacy. Despite all drawbacks of distribution, "the stream of Scriptures issuing from the China Bible House has grown steadily in volume month by month. The most baffling problem has been to get presses and binderies to operate fast enough to meet the demand for books, and the chief embarrassment felt by nearly all the provincial officers has been caused by their inability to fulfil orders for literally thousands of Bibles and Testaments eagerly sought."

AUGUST 1940

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Those who carry the Bible to India must also deal with the problem of illiteracy. Dr. Frank Laubach, an American missionary in the Philippines, an expert in developing reading methods, is assisting with the literacy work in India. The circulation of the Scriptures in India and Ceylon last year reached a total of more than a million.

Nine new languages were added last year to the Society's translations, which brings the total number of languages up to 732. Of these nine, three were for Asia: a Tho or Tonkin version of St. Mark for the tribe in Indo-China; a New Testament in Mori, a language spoken in Central Celebes; St. John's Gospel printed by photography in a local Hkun script for a group of people in Kengtung State, Burma.

Last year the Society had a total circulation of more than eleven million works. But the report shows that while distribution of the Scriptures is the main purpose of the Society, it has contributed a spiritual warmth and a sense of unified endeavor much needed in our time.

F.M.R.

Nazi War Financing

WELTWIRTSCHAFTLICHES ARCHIV, VOL LI, NO. 3—Published by the World Economic Institute of Kiel University, May, 1940. Printed by Verlag von Gustav Fischer, Jena, Germany.

The timely subject of the principles and technique of modern war finance is the theme of all the contributions written by a number of well-known German economists for this issue of the famous German bi-monthly publication. None of the articles in this issue is either outstanding for true originality of thought, or reveals secrets and figures of contemporary German war finance. We are not told how much Hitler's "Blitzkrieg" costs, or how long Germany can continue to afford lightning wars on a grand scale. However, the volume clearly indicates the point of view from which the biggest totalitarian power's financial experts approach the problem of war finance.

Considerations of monetary cost and state indebtedness are considered definitely secondary. The war costs a big industrial country can afford, the German experts say, decisively depends on current national income. The central problem, in their eyes, is to reduce civilian consumption to the absolutely indispensable minimum and to make available to the state the whole remainder of the national income primarily for actual war and armament cost; next for other state expenditure; and in the third place for industrial investment in the munitions industries. Tapping of the accumulated or inherited national wealth, such as over-exploitation of mines and forests; delay or omission of amortization; sales of gold reserves or foreign investments yield much less than the state's appropriations out of the national income, and cannot be continued indefinitely. Great emphasis is put on three requirements of modern war finance: defense of the regulated level of the national currency; strict control of prices and prevention of price increases; and deadweight of war finance on increased taxation rather than on increased state borrowing.

The idea of the state as a sort of enterprise requiring continuous liquidity and solvency in order to avoid ultimate bankruptcy absolutely fails to enter the minds of the German experts. It is all too obvious that they think it most natural that in a major war the state places everything on the trump cards represented by its fighting forces and considers no price too high for victory. The German writers fail to draw the logical conclusion that this proceeding in the field of war finance, in case of defeat, leads to automatic and complete bankruptcy.

A.

Victoria—Utopia of the Man With Moderate Means

With the departure this week of British troops from Shanghai it was learned that a number of local British residents will be leaving here to settle in the Island of Vancouver, British Columbia, more specifically in the environs of Victoria which is already well peopled by Britons of the first generation. What kind of country will these Shanghailanders find?

"More English than England itself" is the description given recently by a traveller, to the southeast corner of the Island. There on the western edge of Canada is a section of the Empire which in climate and in population is a bit of the mother country transplanted. In other ways, Victoria and its environs are far different, skirted as they are by the vast mountain ranges of the American continent and washed by the Pacific Ocean.

Small fruit farming is the backbone of a population of little more than 55,000. Many who live in this part of the island are settlers of moderate means, families who have come there from England to invest their savings in small farms which can be run at a cost far below similar establishments in England.

Here for $10,500 they can buy a property of 20 acres and grow abundant crops of small fruits, or engage in poultry-raising or goat-farming. All three are profitable industries. And here, too, are all the amenities of civilization at its best—schools, colleges and all sorts of sports facilities.

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In the United States Court for China

LOU EUGENE HURST, *Plaintiff*,

vs.

MAXINE MARGIE HURST, *Defendant*.

Cause No. 4512
Civil No. 2391
ORDER.
Filed at Shanghai, China,
August 21, 1940.
WILLIAM T. COLLINS
Clerk.

The object of this suit is an action for divorce.

WHEREAS, plaintiff herein, by his attorneys, Messrs. Rodger and Wiener, has this 21st day of August, 1940, made application for the substitution of publication for personal service upon the defendant herein; and

WHEREAS, it appears from the files in this case that on the 21st day of August, 1940, the summons for defendant was returned by the United States Marshal for China with the following noted thereon: "Defendant cannot be found within the jurisdiction of this Court"; and

WHEREAS, it appears from the files in this case that on the 21st day of August, 1940, the plaintiff herein filed an Affidavit to the effect that the defendant is a non-resident of this District and that defendant's last known address was c/o Mrs. L. E. Hurst, 710, Ohio Street, Vallejo, California, United States of America.

NOW, THEREFORE, it is this 21st day of August, 1940, ORDERED that service upon the defendant be made by publication once a week for three consecutive weeks in the China Weekly Review, a paper of general circulation most likely to reach the defendant.

IT IS FURTHER ORDERED that the defendant cause her appearance to be entered herein on or before the fortieth day, exclusive of Sundays and legal holidays, occurring after the 14th day of September, 1940, the day of last publication of this Order; otherwise the case will be proceeded with as in case of default.

By the Court,

MILTON J. HELMICK,
Judge.

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